

TOWN OF VIDALIA, LOUISIANA
ANNUAL FINANCIAL STATEMENTS
AS OF JUNE 30, 2017
AND FOR THE YEAR THEN ENDED
WITH
INDEPENDENT AUDITOR'S REPORT



SILAS SIMMONS LLP
CERTIFIED PUBLIC ACCOUNTANTS *and* ADVISORS

TOWN OF VIDALIA, LOUISIANA
Annual Financial Statements
As of and for the Year Ended June 30, 2017
With Supplementary Information Schedules

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TOWN OF VIDALIA, LOUISIANA

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INDEPENDENT AUDITOR'S REPORT

Mayor and Members of the Board of Aldermen
Town of Vidalia
Vidalia, Louisiana

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vidalia, Louisiana as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Vidalia, Louisiana (the Town) as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 9 and the budgetary comparison schedules, the schedule of the Town's proportionate share of the net pension liability, and the schedule of the Town's contributions on pages 48 through 55 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The schedule of compensation of the governing board; the schedule of compensation, benefits, and other payments to agency head; and combining nonmajor fund financial statements, as described in the accompanying table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of compensation of the governing board; the schedule of compensation, benefits, and other payments to agency head; combining nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2018, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

This report is intended for the information of the Mayor, Members of the Board of Aldermen, management of Town of Vidalia, Louisiana, and the Legislative Auditor of the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Silas Simmons, LLP

Natchez, Mississippi
January 26, 2018

REQUIRED SUPPLEMENTARY INFORMATION (PART I)

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

The Management of the Town of Vidalia, Louisiana (the Town) offers readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2017. This management's discussion and analysis is designed to provide an objective analysis of the Town's financial activities based on currently known facts, decisions, and conditions. It is intended to provide readers with a broad overview of the Town's finances. It is also intended to provide readers with an analysis of the Town's short-term and long-term activities based on information presented in the financial report and fiscal policies that have been adopted by the Town. Specifically, this section is designed to assist the reader in focusing on significant financial issues, provide an overview of the Town's financial activity, identify changes in the Town's financial position (its ability to address the next and subsequent year challenges), identify any material deviations from the financial plan (the approved budget), and identify individual fund issues or concerns.

Overview of the Financial Statements

This section is intended to serve as an introduction to the Town's financial statements. The Town's basic financial statements consist of the government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information, which is in addition to the basic financial statements.

Government-Wide Financial Statements

Government-wide financial statements are designed to provide readers with a concise "entity-wide" Statement of Net Position and Statement of Activities, which seek to give the user of the financial statements a broad overview of the Town's financial position and results of operations in a manner similar to private-sector businesses.

The Statement of Net Position presents information on all of the Town's assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. The difference between the two is reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or weakening.

The Statement of Activities presents information which shows how the government's net position changed during this fiscal year. All changes in net position are reported as soon as the underlying event occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes).

Each of these reports is broken down between governmental activities and business-type activities. Governmental activities normally are those activities that are supported by taxes, licenses, permits, fines, and intergovernmental revenues, for example, the police and fire departments. Business-type activities are functions that are intended to support their costs through charges for services or fees such as the gas, electric, water, and sewer departments.

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of a government's financial position. At the close of the most recent fiscal year, the Town's assets exceeded its liabilities by \$42,484,801 (net position); this represents an increase of \$25,142 from last fiscal year. The Town's net position is comprised of \$26,415,316 from governmental activities and \$16,069,485 from business-type activities.

The following is a condensed statement of the Town of Vidalia's net position as of June 30, 2017 and 2016:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Assets</u>						
Current and other assets	\$ 7,663,378	\$ 7,629,841	\$ 2,664,996	\$ 3,262,768	\$ 10,328,374	\$ 10,892,609
Capital assets (net)	<u>37,048,667</u>	<u>34,588,696</u>	<u>14,773,639</u>	<u>15,270,053</u>	<u>51,822,306</u>	<u>49,858,749</u>
Total	<u>\$ 44,712,045</u>	<u>\$ 42,218,537</u>	<u>\$ 17,438,635</u>	<u>\$ 18,532,821</u>	<u>\$ 62,150,680</u>	<u>\$ 60,751,358</u>
<u>Deferred outflows of resources</u>	<u>\$ 4,824,511</u>	<u>\$ 2,775,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,824,511</u>	<u>\$ 2,775,407</u>
<u>Liabilities</u>						
Other liabilities	\$ 4,637,657	\$ 4,075,287	\$ 1,369,150	\$ 1,643,581	\$ 6,006,807	\$ 5,718,868
Long-term liabilities	<u>18,191,605</u>	<u>14,989,629</u>	<u>-</u>	<u>-</u>	<u>18,191,605</u>	<u>14,989,629</u>
Total liabilities	<u>\$ 22,829,262</u>	<u>\$ 19,064,916</u>	<u>\$ 1,369,150</u>	<u>\$ 1,643,581</u>	<u>\$ 24,198,412</u>	<u>\$ 20,708,497</u>
<u>Deferred inflows of resources</u>	<u>\$ 291,978</u>	<u>\$ 358,610</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 291,978</u>	<u>\$ 358,610</u>
<u>Net Position</u>						
Invested in capital assets	\$ 37,048,667	\$ 34,588,696	\$ 14,773,639	\$ 15,270,053	\$ 51,822,306	\$ 49,858,749
Less related debt	<u>(7,590,457)</u>	<u>(8,630,900)</u>	<u>-</u>	<u>(46,925)</u>	<u>(7,590,457)</u>	<u>(8,677,825)</u>
Net of related debt	<u>\$ 29,458,210</u>	<u>\$ 25,957,796</u>	<u>\$ 14,773,639</u>	<u>\$ 15,223,128</u>	<u>\$ 44,231,849</u>	<u>\$ 41,180,924</u>
Restricted	2,862,925	2,215,479	-	-	2,862,925	2,215,479
Unrestricted (deficit)	<u>(5,905,819)</u>	<u>(2,602,857)</u>	<u>1,295,846</u>	<u>1,666,112</u>	<u>(4,609,973)</u>	<u>(936,745)</u>
Total net position	<u>\$ 26,415,316</u>	<u>\$ 25,570,418</u>	<u>\$ 16,069,485</u>	<u>\$ 16,889,240</u>	<u>\$ 42,484,801</u>	<u>\$ 42,459,658</u>

By far, the largest portion of the Town's net position (\$44,231,849 or 100%) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment, Town infrastructure, etc.) less any related debt used to acquire those assets that are still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's capital assets are reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

The Town has total outstanding debt of \$10,574,472, which was used to finance some of the \$51,822,306 capital assets. (For more detailed information on the Town's debt and capital assets, see Pages 28 through 32.) Total liabilities of \$24,198,412 are equal to 39% of the total assets.

TOWN OF VIDALIA, LOUISIANA

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Government-Wide Financial Analysis (continued)

The Town's governmental activities increased net position by \$844,897, not including a decrease of \$35,871 due to prior period adjustments. Business-type activities decreased net position by \$819,755.

Governmental Activities

The governmental activities of the Town include general government, public safety, public works, economic development, and payment of interest on long-term debt. Revenues and expenditures related to the Town's involvement in the S. A. Murray Hydro Electric Station are also included in governmental activities. In that revenues normally associated with municipal operations (e.g. sales tax, property tax, franchise fees, license fees, sanitation fees, permits, fines, and operating grants) are insufficient for the funding of these activities, the Town has relied on transfers of excess revenue from its enterprise funds to cover the cost of all activities other than economic development. In that the enterprise fund generated no excess revenue during the fiscal year just ending, these activities were totally funded from net revenues of the hydro royalty fund. Economic development activities in the majority are funded by capital grants and contributions.

The following is a summary of the statement of activities:

	Governmental Activities		Business-Type Activities		Total	
	2017	2016	2017	2016	2017	2016
Revenue						
Program revenue	\$ 4,996,670	\$ 4,379,024	\$ 11,771,281	\$ 12,310,353	\$ 16,767,951	\$ 16,689,377
General revenue and transfers	17,407,525	17,479,368	(2,144,730)	185,271	15,262,795	17,664,639
Total revenue and transfers	\$ 22,404,195	\$ 21,858,392	\$ 9,626,551	\$ 12,495,624	\$ 32,030,746	\$ 34,354,016
Expenses						
General and administrative	\$ 11,918,129	\$ 14,794,523	\$ -	\$ -	\$ 11,918,129	\$ 14,794,523
Public safety	6,299,642	5,888,972	-	-	6,299,642	5,888,972
Public works	2,458,522	2,468,271	-	-	2,458,522	2,468,271
Economic development	525,566	348,700	-	-	525,566	348,700
Combined utility	-	-	9,856,365	9,888,411	9,856,365	9,888,411
Convention Center	-	-	589,941	1,379,332	589,941	1,379,332
Interest on long-term debt	357,438	325,780	-	-	357,438	325,780
Total expenses	\$ 21,559,297	\$ 23,826,246	\$ 10,446,306	\$ 11,267,743	\$ 32,005,603	\$ 35,093,989
Change in net position	\$ 844,898	\$ (1,967,854)	\$ (819,755)	\$ 1,227,881	\$ 25,143	\$ (739,973)
Net position, beginning	\$ 25,606,289	\$ 27,574,143	\$ 16,889,240	\$ 15,661,359	\$ 42,495,529	\$ 43,235,502
Prior period adjustments	(35,871)	-	-	-	(35,871)	-
Net position, beginning, as restated	\$ 25,570,418	\$ 27,574,143	\$ 16,889,240	\$ 15,661,359	\$ 42,459,658	\$ 43,235,502
Net position, ending	\$ 26,415,316	\$ 25,606,289	\$ 16,069,485	\$ 16,889,240	\$ 42,484,801	\$ 42,495,529

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Business-Type Activities

The business-type activities of the Town are those that charge a fee to customers for the services provided. The Town has two business-type activities which are accounted for as enterprise funds. The Town uses enterprise funds to account for the revenues and expenses related to the provision of gas, electric, water, and sewer services (combined utility fund), and for rental of the Bryant Hammett Conference and Convention Center (Riverfront Development Fund).

The following is a summary of the Utility Fund (business-type activity) of the Town:

	Operating Revenues Net of Purchases and Sales Tax					
	Gas	Electric	Water	Sewer	Office	Total Utility
Fiscal year ended June 30, 2016	\$ 881,017	\$ 4,809,416	\$ 691,872	\$ 585,473	\$ -	\$ 6,967,778
Fiscal year ended June 30, 2017	<u>925,343</u>	<u>3,890,483</u>	<u>647,233</u>	<u>540,800</u>	<u>-</u>	<u>6,003,859</u>
Increase (decrease) between years	<u>\$ 44,326</u>	<u>\$ (918,933)</u>	<u>\$ (44,639)</u>	<u>\$ (44,673)</u>	<u>\$ -</u>	<u>\$ (963,919)</u>

	Operating Expenses					
	Gas	Electric	Water	Sewer	Office	Total Utility
Fiscal year ended June 30, 2016	\$ 302,808	\$ 2,377,838	\$ 1,009,111	\$ 476,599	\$ 690,539	\$ 4,856,895
Fiscal year ended June 30, 2017	<u>397,361</u>	<u>1,587,072</u>	<u>1,166,281</u>	<u>497,211</u>	<u>622,559</u>	<u>4,270,484</u>
Increase (decrease) between years	<u>\$ 94,553</u>	<u>\$ (790,766)</u>	<u>\$ 157,170</u>	<u>\$ 20,612</u>	<u>\$ (67,980)</u>	<u>\$ (586,411)</u>

	Net Income (Loss) From Operations					
	Gas	Electric	Water	Sewer	Office	Total Utility
Fiscal year ended June 30, 2016	\$ 578,209	\$ 2,431,578	\$ (317,239)	\$ 108,874	\$ (690,539)	\$ 2,110,883
Fiscal year ended June 30, 2017	<u>527,982</u>	<u>2,303,411</u>	<u>(519,048)</u>	<u>43,589</u>	<u>(622,559)</u>	<u>1,733,375</u>
Increase (decrease) between years	<u>\$ (50,227)</u>	<u>\$ (128,167)</u>	<u>\$ (201,809)</u>	<u>\$ (65,285)</u>	<u>\$ 67,980</u>	<u>\$ (377,508)</u>

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2017

Business-Type Activities (continued)

The reasons for major fluctuations noted above are as follows:

Net income from operations decreased \$377,508 from \$2,110,883 in the previous year to \$1,733,375 in the current year. The primary reasons for this decrease were due to an additional operating loss in the Water Department and Electric Department in the amounts of \$201,809 and \$128,167, respectively.

Net operating transfers out were \$2,495,680, leaving the utility fund with a net loss of \$726,799.

Fund Financial Statements - Governmental Funds

The fund financial statements provide more detailed information about the Town's most significant funds - not the Town as a whole. Funds are accounting devices that the Town uses to keep track of specific sources of funding and spending for a particular purpose.

The Town maintains four individual governmental fund types. These fund types are general, special revenue, debt service, and capital projects funds. Information is presented separately in the Governmental Funds Balance Sheet (Statement C) and in the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances (Statement E) for the general fund, sales tax fund, and hydro royalty fund, which are considered to be major funds. Transactions of the remaining governmental funds are combined and shown as other governmental funds on these statements. Individual fund data for each of the nonmajor governmental funds is provided in the form of combining financial statements in the Other Information portion of this report, beginning on page 58.

The Town adopts an annual budget for its governmental funds. A statement of revenues, expenditures, and changes in fund balance for the general fund is presented in the Required Supplementary Information (Part II), which compares actual revenues and expenditures to the original budget and amended budget figures. Budgeted amounts for the remainder of the governmental funds are presented in the individual fund statements.

Financial Analysis of the Town's Governmental Funds

The Town of Vidalia's governmental funds reported combined ending fund balances of \$5,868,936, which is an increase of \$1,201,742. This increase was primarily caused by an increase in debt issuance in the amount of \$2,500,000 over prior year. Also, the sales tax fund and the hydro royalty fund's net incomes increased approximately \$988,000 and \$2,000,000 over the prior year. The sales tax fund increase was due to a decrease in expenses in the amount of \$2,000,000 while the hydro royalty fund's net income increased approximately \$2,000,000 due to a corresponding decrease in transfers out.

Fund Financial Statements - Proprietary Funds

The Town maintains two proprietary funds. Proprietary funds are used to report the same functions as business-type activities. The Town uses enterprise funds (the first type of proprietary fund) to account for its combined gas, electric, water, and sewer operations and a second enterprise fund to account for the operations of the Bryant Hammett Conference and Convention Center. These enterprise funds report the same functions presented as business-type activities in the government-wide financial statements.

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Fund Financial Statements – Proprietary Funds (continued)

Financial Analysis of the Town's Proprietary Funds

The Town's utility operation proprietary fund shows a decrease in ending fund balance of \$819,755. Overall, all departments operating incomes decreased \$377,508 from 2016. The biggest contributors to the decrease were the electric and water departments. The water department generated an operating deficit of \$519,048, which represents a decrease from fiscal year 2016 of \$201,809. This decrease in operations for fiscal 2017 was driven by increases in payroll and supplies. Within the electric department net income decreased \$128,167 due to a sharper decline of \$918,933 in revenues, while the expenses decreased at a slower rate of \$790,766.

The Town's riverfront development fund's addition to the business-type activities resulted in a decrease of fund balance in the amount of \$92,956.

In that financial statements of enterprise funds are presented on the same basis of accounting as in both the government-wide financial statements and the individual fund statements, all comments and analysis made under business-type activities apply to these funds.

Capital Asset and Debt Administration

The total investment in net capital assets as of June 30, 2017, is \$51,822,306, as compared to \$49,810,237 as of the end of the previous fiscal year.

At the end of the current fiscal year, the Town had a total outstanding bonded debt of \$7,639,421. Principal payments of \$2,811,096 are due during the upcoming fiscal year. These obligations are financed through a 1% sales tax collected within the corporate limits of Vidalia, excess hydro fund, and general surplus revenues.

Budgetary Highlights

Actual general fund revenues for the year ended June 30, 2017, were over budgeted revenues by \$1,000,136. Actual general fund expenditures were over total budgeted expenditures by \$984,829, resulting in a negative variance. The hydro royalty fund and the sales tax fund showed positive variances for total expenditures of \$595,420 and \$21,537, respectively.

Current Financial Factors

The Town maintained its gas and electric rates, absorbing all increases in cost of natural gas and electric as well as increases in operating cost of its combined utility fund over recent fiscal years. The Town restricted the gas and electric rates for large industrial customers to include a "power cost adjustment," as well as a revised energy consumption rate schedule. The utility fund was able to generate net revenues of \$6,985,026. \$6,580,760 was transferred for the support of general fund activities. Net revenues from the hydro royalty fund were used for the support of both the utility and general fund activities. During the fiscal year just ended, the hydro royalty fund provided \$4,259,743 towards the operations of the utility and general funds as compared to \$6,322,974 in the previous year.

In the event that the net revenues of the hydro royalty fund would decrease due to a low water/low production year, utility rates would have to be increased in order to generate revenues necessary to support general and utility fund activities, or services provided to its citizens would have to be cut.

TOWN OF VIDALIA, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

Current Financial Factors (continued)

During fiscal year 2017, the Town executed a budgetary loan, in the amount of 3.5 million dollars with a local bank for the payment of general operating costs. This same loan was renewed at 2.5 million dollars by the end of the 2017 fiscal year.

During the 2017-2018 fiscal year, the Town of Vidalia is working towards a revised design of the loading/unloading barge system for the Vidalia Port and includes the construction of the electrical distribution line to the Port. Construction to extend the waterline to the Port property from the Vidalia Industrial Park was completed at the end of the 2017 fiscal year. These construction projects are being funded through State Capital Outlay funds.

Requests for Information

This financial report is designed to provide a general overview of the Town of Vidalia, Louisiana's finances for all with an interest in the government's operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Debra Moak, Town Accountant, Post Office Box 2010, Vidalia, Louisiana 71373.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF NET POSITION

JUNE 30, 2017

	Governmental Activities	Business- Type Activities	Total
<u>ASSETS</u>			
Cash and cash equivalents	\$ 1,457,368	\$ 150,489	\$ 1,607,857
Receivables (net of allowances for uncollectibles)	289,586	1,566,165	1,855,751
Internal balances	(420,474)	420,474	-
Due from other agencies	3,380,447	-	3,380,447
Due from other governments	178,515	128,524	307,039
Restricted assets	2,777,936	397,329	3,175,265
Other assets	-	2,015	2,015
Capital assets (net)	37,048,667	14,773,639	51,822,306
Total assets	<u>\$ 44,712,045</u>	<u>\$ 17,438,635</u>	<u>\$ 62,150,680</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	<u>\$ 4,824,511</u>	<u>\$ -</u>	<u>\$ 4,824,511</u>
<u>LIABILITIES</u>			
Accounts, salaries, and other payables	\$ 1,263,378	\$ 971,821	\$ 2,235,199
Payable from restricted assets	-	397,329	397,329
Interest payable	32,119	-	32,119
Accrued liabilities	477,439	-	477,439
Other liabilities	53,625	-	53,625
Bonds and capital lease payable, due within one year	2,811,096	-	2,811,096
Bonds and capital lease payable, beyond one year	7,763,376	-	7,763,376
Net pension liability	10,428,229	-	10,428,229
Total liabilities	<u>\$ 22,829,262</u>	<u>\$ 1,369,150</u>	<u>\$ 24,198,412</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	<u>\$ 291,978</u>	<u>\$ -</u>	<u>\$ 291,978</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	\$ 29,458,210	\$ 14,773,639	\$ 44,231,849
Restricted for:			
Debt service	43,412	-	43,412
Capital projects	41,577	-	41,577
Special revenues	2,777,936	-	2,777,936
Unrestricted	(5,905,819)	1,295,846	(4,609,973)
Total net position	<u>\$ 26,415,316</u>	<u>\$ 16,069,485</u>	<u>\$ 42,484,801</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

STATEMENT B

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses), Revenues, and Changes		Total
		Fees, Fines, and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Governmental Activities	Business-Type Activities	
Governmental Activities								
General government	\$ 11,918,129	\$ 2,190,382	\$ 65,355	\$ 785,973	\$ (8,876,419)	\$ (8,876,419)	\$ -	\$ (8,876,419)
Public safety	6,299,642	179,915	345,950	-	(5,773,777)	(5,773,777)	-	(5,773,777)
Public works	2,458,522	587,404	-	841,691	(1,029,427)	(1,029,427)	-	(1,029,427)
Economic development	525,566	-	-	-	(525,566)	(525,566)	-	(525,566)
Interest on long-term debt	357,438	-	-	-	(357,438)	(357,438)	-	(357,438)
Total governmental activities	\$ 21,559,297	\$ 2,957,701	\$ 411,305	\$ 1,627,664	\$ (16,562,627)	\$ (16,562,627)	\$ -	\$ (16,562,627)
Business-Type Activities								
Gas	\$ 760,919	\$ 1,218,241	\$ -	\$ -	\$ 457,322	\$ -	\$ 457,322	\$ 457,322
Electric	7,396,032	9,167,754	-	-	1,771,722	-	1,771,722	1,771,722
Water	1,166,281	647,233	34,948	-	(484,100)	-	(484,100)	(484,100)
Sewer	533,133	540,800	-	-	7,667	-	7,667	7,667
Convention Center	589,941	90,338	71,967	-	(427,636)	-	(427,636)	(427,636)
Total business-type activities	\$ 10,446,306	\$ 11,664,366	\$ 106,915	\$ -	\$ 1,324,975	\$ -	\$ 1,324,975	\$ 1,324,975
Total	\$ 32,005,603	\$ 14,622,067	\$ 518,220	\$ 1,627,664	\$ (15,237,652)	\$ (16,562,627)	\$ 1,324,975	\$ (15,237,652)
General Revenue								
Property taxes						\$ 140,981	\$ -	\$ 140,981
Sales taxes						2,898,244	-	2,898,244
Franchise taxes						17,727	-	17,727
Beer taxes						7,790	-	7,790
Occupational licenses						239,323	-	239,323
Investment earnings						12,251	606	12,857
Hydro royalties						11,014,923	-	11,014,923
Other general revenues						930,950	-	930,950
Transfers						2,145,336	(2,145,336)	-
Total general revenues and transfers						\$ 17,407,525	\$ (2,144,730)	\$ 15,262,795
Change in net position						\$ 844,898	\$ (819,755)	\$ 25,143
Net position - beginning						\$ 25,606,289	\$ 16,889,240	\$ 42,495,529
Prior period adjustments						(35,871)	-	(35,871)
Net position - beginning, as restated						\$ 25,570,418	\$ 16,889,240	\$ 42,459,658
Net position - ending						\$ 26,415,316	\$ 16,069,485	\$ 42,484,801

TOWN OF VIDALIA, LOUISIANA

BALANCE SHEET
GOVERNMENTAL FUNDS

JUNE 30, 2017

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Hydro Royalty Fund	Sales Tax Fund		
<u>ASSETS</u>					
Cash	\$ 55,486	\$ 3,006,820	\$ 536,961	\$ 636,037	\$ 4,235,304
Receivables (net of allowances for uncollectibles)	40,306	1,529	181,013	66,738	289,586
Due from other agencies	-	3,254,788	-	125,659	3,380,447
Due from other governments	126,625	-	-	51,890	178,515
Due from other funds	23,158	209,299	292,665	882,214	1,407,336
Total assets	<u>\$ 245,575</u>	<u>\$ 6,472,436</u>	<u>\$ 1,010,639</u>	<u>\$ 1,762,538</u>	<u>\$ 9,491,188</u>
<u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Accounts payable	\$ 424,508	\$ 744,300	\$ 38,422	\$ 56,148	\$ 1,263,378
Accrued liabilities	400,697	-	-	76,742	477,439
Due to other funds	752,778	-	570,023	505,009	1,827,810
Other liabilities	-	-	-	53,625	53,625
Total liabilities	<u>\$ 1,577,983</u>	<u>\$ 744,300</u>	<u>\$ 608,445</u>	<u>\$ 691,524</u>	<u>\$ 3,622,252</u>
Fund balances:					
Restricted:					
Capital projects	\$ -	\$ -	\$ -	\$ 41,577	\$ 41,577
Debt service	-	-	-	43,412	43,412
Special revenue funds	-	2,777,936	-	-	2,777,936
Committed funds, reported in:					
Special revenue funds	-	2,950,200	-	-	2,950,200
Assigned, special revenue	-	-	402,194	986,025	1,388,219
Unassigned, reported in:					
General fund	(1,332,408)	-	-	-	(1,332,408)
Total fund balances	<u>\$ (1,332,408)</u>	<u>\$ 5,728,136</u>	<u>\$ 402,194</u>	<u>\$ 1,071,014</u>	<u>\$ 5,868,936</u>
Total liabilities and fund balances	<u>\$ 245,575</u>	<u>\$ 6,472,436</u>	<u>\$ 1,010,639</u>	<u>\$ 1,762,538</u>	<u>\$ 9,491,188</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

JUNE 30, 2017

Fund Balances, Total Governmental Funds (Statement C)	\$	5,868,936
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Net capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		37,048,667
Deferred outflows and inflows are not financial resources or currently payable.		
Deferred outflows	\$ 4,824,511	
Deferred inflows	<u>(291,978)</u>	4,532,533
Long-term liabilities including bonds payable are not due and payable in the current period and, therefore, are not reported in the governmental funds.		
Accrued interest payable	\$ (32,119)	
Bonds payable	(10,574,472)	
Net pension liability	<u>(10,428,229)</u>	<u>(21,034,820)</u>
Net Position of Governmental Activities (Statement A)		<u>\$ 26,415,316</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Hydro Royalty Fund	Sales Tax Fund		
REVENUES					
Taxes:					
Ad valorem	\$ 140,981	\$ -	\$ -	\$ -	\$ 140,981
Sales and use	-	-	2,213,557	684,687	2,898,244
Other taxes, penalties, interest, etc.	17,727	-	-	-	17,727
Licenses and permits	247,113	-	-	-	247,113
Intergovernmental revenues:					
Federal	749,937	-	31,210	810,481	1,591,628
State	411,305	-	-	36,036	447,341
Fines and forfeitures	2,012	-	-	177,903	179,915
Charges for services	587,404	2,190,382	-	-	2,777,786
Investment earnings	335	10,606	1,184	126	12,251
Hydro royalties	-	11,014,923	-	-	11,014,923
Issuance of debt	2,798,332	-	-	-	2,798,332
Other revenues	424,125	-	-	506,825	930,950
Total revenues	\$ 5,379,271	\$ 13,215,911	\$ 2,245,951	\$ 2,216,058	\$ 23,057,191
EXPENDITURES					
General government	\$ 2,294,424	\$ 8,404,580	\$ 70,253	400,357	\$ 11,169,614
Public safety:					
Police	2,949,627	-	-	-	2,949,627
Fire	1,600,946	-	-	-	1,600,946
Ambulance	-	-	-	590,385	590,385
Public works:					
Streets	1,359,880	-	-	-	1,359,880
Sanitation	417,836	-	-	-	417,836
Mechanic shop	309,122	-	-	-	309,122
Economic development	-	-	-	173,177	173,177
Capital outlay	2,146,267	-	31,210	1,638,151	3,815,628
Debt service:					
Principle	366,384	-	-	814,051	1,180,435
Interest and fiscal fees	43,346	-	-	306,407	349,753
Total expenditures	\$ 11,487,832	\$ 8,404,580	\$ 101,463	\$ 3,922,528	\$ 23,916,403
Excess of revenues (expenditures)	\$ (6,108,561)	\$ 4,811,331	\$ 2,144,488	\$ (1,706,470)	\$ (859,212)

-continued-

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Major Funds			Other Governmental Funds	Total Governmental Funds
	General Fund	Hydro Royalty Fund	Sales Tax Fund		
<u>OTHER FINANCING SOURCES (USES)</u>					
Transfers - in	\$ 7,320,591	\$ -	\$ -	\$ 2,228,333	\$ 9,548,924
Transfers - out	(831,864)	(4,573,843)	(1,711,691)	(286,190)	(7,403,588)
Total other financing sources (uses)	\$ 6,488,727	\$ (4,573,843)	\$ (1,711,691)	\$ 1,942,143	\$ 2,145,336
Net change in fund balance	\$ 380,166	\$ 237,488	\$ 432,797	\$ 235,673	\$ 1,286,124
Fund balances - beginning	\$ (1,712,574)	\$ 5,490,648	\$ (30,603)	\$ 919,724	\$ 4,667,195
Prior period adjustment	-	-	-	(84,383)	(84,383)
Fund balances - beginning, as restated	\$ (1,712,574)	\$ 5,490,648	\$ (30,603)	\$ 835,341	\$ 4,582,812
Fund balances - ending	\$ (1,332,408)	\$ 5,728,136	\$ 402,194	\$ 1,071,014	\$ 5,868,936

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

FOR THE YEAR ENDED JUNE 30, 2017

Net Changes in Fund Balances, Total Governmental Funds (Statement E)	\$	1,286,124
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period and the cost of asset disposals.		2,459,971
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The proceeds of long-term debt provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of the principal of long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Issuance of debt		(2,798,332)
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Principal retired		1,180,435
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Net pension expense is reported in governmental funds as expenditures as they are paid; however, in the statement of activities the net position expense is reported according to estimates required by GASB 68. This is the amount that the pension estimate exceeds the pension expenses paid in the current year		(1,275,615)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This amount is the net effect of these differences in the treatment of interest paid on debt.		(7,685)
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Change in Net Position of Governmental Activities (Statement B)	\$	844,898
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The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2017

	Business-Type Activities		
	Utility Fund	Riverfront Development Fund	Total Enterprise Funds
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 139,805	\$ 10,684	\$ 150,489
Receivables (net of allowances for uncollectibles)	1,566,165	128,524	1,694,689
Prepays	-	2,015	2,015
Due from other funds	460,113	208,340	668,453
Total current assets	<u>\$ 2,166,083</u>	<u>\$ 349,563</u>	<u>\$ 2,515,646</u>
Noncurrent assets			
Restricted assets:			
Cash	\$ 397,329	\$ -	\$ 397,329
Capital assets (net of accumulated depreciation)	8,668,084	6,105,555	14,773,639
Total noncurrent assets	<u>\$ 9,065,413</u>	<u>\$ 6,105,555</u>	<u>\$ 15,170,968</u>
Total assets	<u>\$ 11,231,496</u>	<u>\$ 6,455,118</u>	<u>\$ 17,686,614</u>
<u>LIABILITIES</u>			
Current liabilities			
Accounts payable	\$ 719,737	\$ 36,920	\$ 756,657
Accrued liabilities	175,237	39,927	215,164
Due to other funds	247,979	-	247,979
Total current liabilities	<u>\$ 1,142,953</u>	<u>\$ 76,847</u>	<u>\$ 1,219,800</u>
Current liabilities payable from restricted assets			
Consumer deposits	\$ 397,329	\$ -	\$ 397,329
Total current liabilities payable from restricted assets	<u>\$ 397,329</u>	<u>\$ -</u>	<u>\$ 397,329</u>
Total liabilities	<u>\$ 1,540,282</u>	<u>\$ 76,847</u>	<u>\$ 1,617,129</u>
<u>NET POSITION</u>			
Invested in capital assets, net of related debt	\$ 8,668,084	\$ 6,105,555	\$ 14,773,639
Unrestricted	1,023,130	272,716	1,295,846
Total net position	<u>\$ 9,691,214</u>	<u>\$ 6,378,271</u>	<u>\$ 16,069,485</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities		
	Utility Fund	Riverfront Development Fund	Total Enterprise Funds
<u>OPERATING REVENUES</u>			
Charges for services:			
Gas sales	\$ 1,218,241	\$ -	\$ 1,218,241
Electricity sales	9,167,754	-	9,167,754
Water sales	647,233	-	647,233
Sewer charges	540,800	-	540,800
Rental charges	-	69,431	69,431
Other services	15,712	5,195	20,907
Total operating revenues	<u>\$ 11,589,740</u>	<u>\$ 74,626</u>	<u>\$ 11,664,366</u>
<u>OPERATING EXPENSES</u>			
Purchases and sales tax	\$ 5,585,881	\$ -	\$ 5,585,881
Personal services	2,242,681	241,803	2,484,484
Materials and supplies	516,227	29,054	545,281
Other services and charges	675,248	226,159	901,407
Depreciation	836,328	92,925	929,253
Total operating expenses	<u>\$ 9,856,365</u>	<u>\$ 589,941</u>	<u>\$ 10,446,306</u>
Operating income (loss)	<u>\$ 1,733,375</u>	<u>\$ (515,315)</u>	<u>\$ 1,218,060</u>
Nonoperating income			
Intergovernmental			
State/Federal	\$ 34,948	\$ 71,967	\$ 106,915
Interest earnings	558	48	606
Total nonoperating income	<u>\$ 35,506</u>	<u>\$ 72,015</u>	<u>\$ 107,521</u>
Income (loss) before transfers	<u>\$ 1,768,881</u>	<u>\$ (443,300)</u>	<u>\$ 1,325,581</u>
<u>OPERATING TRANSFERS AND CONTRIBUTIONS</u>			
Transfers - in	5,216,145	452,344	5,668,489
Transfers - out	(7,711,825)	(102,000)	(7,813,825)
Change in net position	<u>\$ (726,799)</u>	<u>\$ (92,956)</u>	<u>\$ (819,755)</u>
Total net position - beginning	<u>10,418,013</u>	<u>6,471,227</u>	<u>16,889,240</u>
Total net position - ending	<u>\$ 9,691,214</u>	<u>\$ 6,378,271</u>	<u>\$ 16,069,485</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF VIDALIA, LOUISIANA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Business-Type Activities		
	Utility Fund	Riverfront Development Fund	Total Enterprise Funds
Cash flows from operating activities			
Receipts from customers and users	\$ 12,436,228	\$ 173,810	\$ 12,610,038
Payments to suppliers	(6,854,861)	(322,922)	(7,177,783)
Payments to employees	(2,330,513)	(253,148)	(2,583,661)
Net cash provided by (used for) operating activities	\$ 3,250,854	\$ (402,260)	\$ 2,848,594
Cash flows from noncapital financing activities			
Net change in amounts due from/to other funds	\$ (255,187)	\$ 23,804	\$ (231,383)
Transfers from other funds	5,216,145	452,344	5,668,489
Transfers to other funds	(7,711,825)	(102,000)	(7,813,825)
Net cash provided by (used for) noncapital financing activities	\$ (2,750,867)	\$ 374,148	\$ (2,376,719)
Cash flows from capital and related financing activities			
Note principal payments	\$ (46,925)	\$ -	\$ (46,925)
Intergovernmental grants	34,948	71,967	106,915
Purchases of fixed assets	(399,620)	(33,219)	(432,839)
Net cash provided by (used for) capital and related financing activities	\$ (411,597)	\$ 38,748	\$ (372,849)
Cash flows from investing activities			
Interest on temporary investments	\$ 558	\$ 48	\$ 606
Net cash provided by investing activities	\$ 558	\$ 48	\$ 606
Net increase in cash and cash equivalents	\$ 88,948	\$ 10,684	\$ 99,632
Cash and cash equivalents, beginning of year	448,186	-	448,186
Cash and cash equivalents, end of year	\$ 537,134	\$ 10,684	\$ 547,818
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 1,733,375	\$ (515,315)	\$ 1,218,060
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	\$ 836,328	\$ 92,925	\$ 929,253
Change in assets and liabilities			
Decrease in accounts receivable	831,618	99,184	930,802
Increase in prepaids	-	(2,015)	(2,015)
Decrease in accounts payable and overdrafts	(77,505)	(65,694)	(143,199)
Decrease in accrued liabilities and deposits	(72,962)	(11,345)	(84,307)
Total adjustments	\$ 1,517,479	\$ 113,055	\$ 1,630,534
Net cash provided by (used for) operating activities	\$ 3,250,854	\$ (402,260)	\$ 2,848,594

The accompanying notes are an integral part of this financial statement.

NOTES TO THE FINANCIAL STATEMENTS

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Vidalia (the Town) was incorporated April 1, 1901, under the provisions of the Lawrason Act. The Town operates under the Mayor/Board of Aldermen form of government and provides the following services as authorized by the Lawrason Act: public safety (police, fire, and ambulance); streets; sanitation; health; culture-recreation; public improvements; planning and zoning; provision of gas, electric, and water utilities; sewer services; and general administrative services.

The accounting and reporting policies of the Town conform to generally accepted accounting principles as applicable to governments in the United States of America.

The following is a summary of certain significant accounting policies:

A. Financial Reporting Entity

This report includes all funds and account groups which are controlled by or dependent on the Town's executive and legislative branches (the Mayor and Board of Aldermen). The scope of the governmental entity included in this report was determined by applying the criteria established by the Governmental Accounting Standards Board's Statement Number 14.

The application of these criteria revealed no additional governmental reporting entities, which would be properly included in these financial statements.

The Town Marshall's balances and transactions are accounted for in the Town Court Fund.

B. Basis of Presentation

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The municipality reports the following major governmental funds:

The General Fund is the municipality's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Hydro Royalty Fund is used to account for the revenues and expenses of the Town's participation in the hydroelectric project.

The Sales Tax Fund is used to account for the collection and expenditure of sales tax revenues as provided by ordinance.

The municipality reports the following major proprietary funds:

The Utility Fund is used to account for the provision of gas, electric, and water utilities, as well as sewer services to residents of the Town and some residents of the Parish. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations, maintenance, financing, and related debt service and billing and collection.

The Riverfront Development Fund is used to account for the collection and expenditure of revenues earned from the rental of the Town's conference and convention center.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the government's enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal on-going operations. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the municipality's policy to use restricted resources first then unrestricted resources as they are needed.

D. Cash and Cash Equivalents

The municipality's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of six months or less from the date of acquisition. State law and the municipality's investment policy allow the municipality to invest in collateralized certificates of deposit, government-backed securities, commercial paper, the state-sponsored investment pool, and mutual funds consisting solely of government-backed securities.

E. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Uncollectible amounts due for ad valorem taxes and customer's utility receivables are recognized through the establishment of an allowance account at the time information becomes available, which would indicate the uncollectibility of the particular receivable.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. Receivables and Payables (continued)

The Town annually levies ad valorem taxes in accordance with state statute for the fiscal year ended June 30. Tax bills are prepared and delivered in October with payment due from the date of receipt to the last day of February. Because of the due dates noted previously, ad valorem taxes are not considered to be available resources of the fiscal year to which they apply and are, therefore, not accrued at the end of the fiscal year.

The Town bills and collects its own property taxes using the assessed values determined by the Tax Assessor of Concordia Parish.

For the year ended June 30, 2017, taxes of 3.39 mills were levied on property with assessed valuations totaling \$41,746,400 after abatements and exemptions and were dedicated as follows:

General corporate purposes	3.39 mills
Total taxes levied were	\$ 141,520

F. Inventories

Since inventories of the proprietary fund consist of items normally capitalized upon acquisition, amounts considered in the computation of operating expenses are immaterial and, therefore, not reflected.

G. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

H. Restricted Assets

Restricted assets were applicable to the following at June 30, 2017:

Hydro Royalty Fund Cash and Equivalents- Governmental Activities	\$ 2,777,936
Consumer deposits - Business-Type Activities	<u>397,329</u>
Total	<u>\$ 3,175,265</u>

I. Capital Assets

Capital acquisitions and construction are reflected as expenditures in Governmental Fund statements and the related assets are reported as capital assets in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The municipality maintains a threshold level of \$2,500 or more for capitalizing capital assets.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Capital Assets (continued)

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Streets and parking areas	15 - 40 Years
Improvements other than buildings	10 - 40 Years
Buildings and structures	10 - 40 Years
Machinery and equipment	5 - 10 Years

J. Compensated Absences

The Town has implemented GASB Statement 16, *Accounting for Compensated Absences*. Under GASB Statement 16, a liability for unpaid vacation that is attributable to services already rendered and that is not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to benefits.

The entire compensated absence liability is reported on the government-wide financial statements. For governmental fund financial statements, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "compensated absences payable" in the fund from which employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

K. Long-Term Obligations

In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

L. Equity Classification

Equity is classified as net position and displayed in three components: (1) invested in capital assets, net of related debt - consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets; (2) restricted net position - consists of net position with constraints placed on the use either by (a) external groups such as creditors, grantors, contributions or laws or regulations of other governments, or (b) law through constitutional provisions or enabling legislation; and (3) unrestricted net position - all other net position that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

The government-wide statement of net position reports \$2,862,925 of restricted net position, all of which is restricted by enabling legislation.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Equity Classification (continued)

Beginning with fiscal year 2012, the Town implemented GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Aldermen establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund (such as for special incentives). Assigned fund balance is established by the Board of Aldermen through adoption or amendment of the budget as intended for a specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Governmental fund equity is classified as fund balance. Fund balance is further classified as nonspendable, restricted, committed, assigned, and unassigned. Proprietary fund equity is classified the same as in the government-wide statements.

M. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The Town follows procedures established by Louisiana Revised Statute in the preparation and adoption of its annual operating budgets as follows:

1. The Town Clerk prepares a proposed budget and submits same to the Mayor and Board of Aldermen no later than fifteen days prior to the beginning of each fiscal year.
2. A summary of the proposed budget is published and the public notified that the proposed budget is available for public inspection. At the same time, a public hearing is called.
3. A public hearing is held on the proposed budget at least ten days after publication of the call for the hearing.
4. After the holding of the public hearing and completion of all action necessary to finalize and implement the budget, the budget is adopted through passage of an ordinance prior to the commencement of the fiscal year for which the budget is being adopted.
5. Budgetary amendments involving the transfer of funds from one department, program, or function to another or involving increases in expenditures resulting from revenues exceeding amounts estimated require the approval of the Board of Aldermen.
6. All budgetary appropriations lapse at the end of each fiscal year.
7. Budgets for the General, Special Revenue, Debt Service Funds, and Capital Project Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budget amounts are as originally adopted, or as amended from time to time by the Board of Aldermen.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS. The following individual funds had actual expenditures over budgeted appropriations for the year ended June 30, 2017:

<u>Fund</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
General Fund	\$ 9,700,450	\$ 10,503,003	\$ 11,487,832	\$ (984,829)

DEFICITS. The following individual funds had a deficit in unassigned or restricted fund balance at June 30, 2017:

<u>Fund</u>	<u>Deficit Amount</u>
General Fund	\$ 1,332,408
Port Access Fund	\$ 90,787

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 3 - CASH AND CASH EQUIVALENTS

At June 30, 2017, the municipality has cash and cash equivalents (book balances) totaling \$4,783,122 as follows:

Demand deposits	\$	2,139,748
Time deposits		2,625,645
Cash on hand and NSF checks		<u>17,729</u>
Total	\$	<u><u>4,783,122</u></u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2017, the municipality has \$5,697,150 in deposits (collected bank balances). These deposits are secured from risk by \$625,000 of federal deposit insurance and \$9,819,518 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, R.S. 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within ten days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

NOTE 4 - RECEIVABLES

The receivables of \$1,855,751 at June 30, 2017, are as follows:

<u>Class of Receivables</u>	<u>Governmental Funds</u>	<u>Business-Type Funds</u>	<u>Totals</u>
Taxes:			
Ad valorem	\$ 110	\$ -	\$ 110
Sales and use	226,495	-	226,495
Accounts	125,219	1,578,035	1,703,254
Accrued interest	1,529	-	1,529
Allowance for uncollectibles	<u>(63,767)</u>	<u>(11,870)</u>	<u>(75,637)</u>
Totals	<u>\$ 289,586</u>	<u>\$ 1,566,165</u>	<u>\$ 1,855,751</u>

NOTE 5 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governmental units at June 30, 2017, consisted of the following:

<u>Due From</u>	<u>General</u>	<u>Riverfront Development Fund</u>	<u>Totals</u>
State of Louisiana	\$ 992	\$ 128,524	\$ 129,516
Department of Transportation & Commerce	174,206	-	174,206
Concordia Parish	<u>3,317</u>	<u>-</u>	<u>3,317</u>
Totals	<u>\$ 178,515</u>	<u>\$ 128,524</u>	<u>\$ 307,039</u>

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

A summary of individual receivables and payables reflected as "Due To or Due From Other Funds" follows:

<u>Fund</u>	<u>Interfund</u>	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$ 23,158	\$ 752,778
Sales Tax Fund	292,665	570,023
Hydro Royalty Fund	209,299	-
Other Governmental Funds	882,214	505,009
Riverfront Development Fund	208,340	-
Utility Fund	460,113	247,979
Totals	<u>\$ 2,075,789</u>	<u>\$ 2,075,789</u>

Interfund transfers during the year ended June 30, 2017, were as follows:

<u>Fund</u>	<u>Interfund Transfer</u>	
	<u>In</u>	<u>Out</u>
General Fund	\$ 7,320,591	\$ 831,864
Sales Tax Fund	-	1,711,691
Hydro Royalty Fund	-	4,573,843
Other Governmental Funds	2,228,333	286,190
Riverfront Development Fund	452,344	102,000
Utility Fund	5,216,145	7,711,825
Totals	<u>\$ 15,217,413</u>	<u>\$ 15,217,413</u>

Transfers are primarily used to move funds from:

- The Proprietary Funds to the General Fund to cover capital expenditures and general operations.
- The Hydro Royalty Fund to the Utility Fund, as further described in Note 18.
- The Hydro Royalty Fund to the Debt Service Fund to finance capital improvement-related debt.
- The Sales Tax Fund to the Debt Service Fund to cover debt payment requirements. Additionally, amounts were transferred to General Fund to cover operational costs.
- The Utility Fund to the Industrial Park Fund to cover capital expenditures.

NOTE 7 - CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2017, are as follows:

	<u>Restated Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental activities:</u>				
Capital assets, not being depreciated				
Land	\$ 5,794,880	\$ -	\$ -	\$ 5,794,880
Construction in progress	<u>6,051,710</u>	<u>2,922,754</u>	<u>-</u>	<u>8,974,464</u>
Total capital assets, not being depreciated	<u>\$ 11,846,590</u>	<u>\$ 2,922,754</u>	<u>\$ -</u>	<u>\$ 14,769,344</u>

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - CAPITAL ASSETS (continued)

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Capital assets, being depreciated				
Buildings and structures	\$ 9,246,749	\$ --	\$ -	\$ 9,246,749
Improvements other than buildings	9,351,640	-	-	9,351,640
Machinery and equipment	5,427,441	892,874	(48,548)	6,271,767
Streets and parking areas	<u>14,126,792</u>	<u>-</u>	<u>-</u>	<u>14,126,792</u>
Total capital assets being depreciated	<u>\$ 38,152,622</u>	<u>\$ 892,874</u>	<u>\$ (48,548)</u>	<u>\$ 38,996,948</u>
Less accumulated depreciation for:				
Buildings and structures	\$ (1,855,431)	\$ (218,697)	\$ -	\$ (2,074,128)
Improvements other than buildings	(3,622,809)	(265,047)	-	(3,887,856)
Machinery and equipment	(3,767,096)	(449,250)	9,305	(4,207,041)
Streets and parking areas	<u>(6,165,180)</u>	<u>(383,420)</u>	<u>-</u>	<u>(6,548,600)</u>
Total accumulated depreciation	<u>\$ (15,410,516)</u>	<u>\$ (1,316,414)</u>	<u>\$ 9,305</u>	<u>\$ (16,717,625)</u>
Total capital assets being depreciated, net	<u>\$ 22,742,106</u>	<u>\$ (423,540)</u>	<u>\$ (39,243)</u>	<u>\$ 22,279,323</u>
Total assets, net	<u>\$ 34,588,696</u>	<u>\$ 2,499,214</u>	<u>\$ (39,243)</u>	<u>\$ 37,048,667</u>
<u>Business-type activities:</u>				
Capital assets, not being depreciated				
Land	\$ 685,589	\$ -	\$ -	\$ 685,589
Construction in progress	<u>409,266</u>	<u>-</u>	<u>-</u>	<u>409,266</u>
Total capital assets, not being depreciated	<u>\$ 1,094,855</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,094,855</u>
Capital assets, being depreciated				
Buildings and structures	\$ 7,141,435	\$ -	\$ -	\$ 7,141,435
Improvements other than buildings	974,547	183,039	-	1,157,586
Machinery and equipment	<u>20,006,981</u>	<u>249,800</u>	<u>-</u>	<u>20,256,781</u>
Total capital assets, being depreciated	<u>\$ 28,122,963</u>	<u>\$ 432,839</u>	<u>\$ -</u>	<u>\$ 28,555,802</u>
Less accumulated depreciation for:				
Buildings and structures	\$ (726,000)	\$ (48,369)	\$ -	\$ (774,369)
Improvements other than buildings	(28,552)	(1,902)	-	(30,454)
Machinery and equipment	<u>(13,193,213)</u>	<u>(878,982)</u>	<u>-</u>	<u>(14,072,195)</u>
Total accumulated depreciation	<u>\$ (13,947,765)</u>	<u>\$ (929,253)</u>	<u>\$ -</u>	<u>\$ (14,877,018)</u>
Total capital assets being depreciated, net	<u>\$ 14,175,198</u>	<u>\$ (496,414)</u>	<u>\$ -</u>	<u>\$ 13,678,784</u>
Total capital assets, net	<u>\$ 15,270,053</u>	<u>\$ (496,414)</u>	<u>\$ -</u>	<u>\$ 14,773,639</u>

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 7 - CAPITAL ASSETS (continued)

Depreciation expense of \$1,316,414 for the year ended June 30, 2017, was charged to the following governmental functions:

General government	\$ 243,519
Public safety	348,822
Public works	371,684
Economic development	<u>352,389</u>
Total	<u>\$ 1,316,414</u>

NOTE 8 - CONSTRUCTION COMMITMENTS

The municipality has active construction projects as of June 30, 2017. At year end, the commitments with contractors are as follows:

Project	Spent to Date	Remaining Commitment
Technology center and broadband project	\$ 1,214,333	\$ 788,967
Port access road project	<u>2,311,918</u>	<u>214,590</u>
Total	<u>\$ 3,526,251</u>	<u>\$ 1,003,557</u>

NOTE 9 - LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions for the year ended June 30, 2017:

	Long-Term Debt and Capital Leases Payable					Totals
	Sales Tax Bonds		General Obligation Bonds		Capital	
	2007 Series	2010 Series	USDA #2	USDA #3	Leases and Notes	
Payable at June 30, 2016	\$ 1,060,000	\$ 457,000	\$ 92,217	\$ 6,595,926	\$ 798,357	\$ 9,003,500
Issuance of debt	-	-	-	-	2,798,332	2,798,332
Principle retired	(250,000)	(222,000)	(1,306)	(92,416)	(661,638)	(1,227,360)
Payable at June 30, 2017	<u>\$ 810,000</u>	<u>\$ 235,000</u>	<u>\$ 90,911</u>	<u>\$ 6,503,510</u>	<u>\$ 2,935,051</u>	<u>\$ 10,574,472</u>

The following is a summary of the current (due in one year or less) and the long-term (due in more than one year) portions of long-term obligations as of June 30, 2017:

Current portion	\$ 2,811,096
Long-term portion	<u>7,763,376</u>
Total	<u>\$ 10,574,472</u>

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Sales Tax Bond Series 2007 dated January 9, 2007, in the amount of \$2,440,000

Principal installments are payable on June 1 of each year beginning June 1, 2007, and ending June 1, 2020, with interest rates ranging from 3.55% to 4.10% per annum and principal payments ranging from \$10,000 to \$280,000. Financing for these bonds is to be provided from sales tax revenues.

\$ 810,000

Sales Tax Bond Series 2010 dated June 1, 2010, in the amount of \$1,630,000

Principal installments are payable on December 1 of each year beginning December 1, 2012, and ending December 1, 2017, with interest at 3.75% per annum and principal payments ranging from \$176,000 to \$237,000. Financing for these bonds is to be provided from sales tax revenues.

235,000

General Obligation Bond dated November 1, 2012, in the amount of \$96,000, USDA #2

Financing obtained from USDA, to pay off interim financing, for the construction of municipal complex to house administrative, police, and fire functions. Note bearing interest at 3.5% with first payment of interest only due August 9, 2016, with monthly payments of principal and interest thereafter and matures August 9, 2052. Debt is secured by a pledge of excess municipal revenues including but not limited to the Hydro Royalty Fund.

90,911

General Obligation Bond dated November 1, 2012, in the amount of \$6,841,000, USDA #3

Financing obtained from USDA, to pay off interim financing, for the construction of municipal complex to house administrative, police, and fire functions. Note bearing interest at 3.5% with first payment of interest only due August 9, 2016, with monthly payments of principal and interest thereafter and matures August 9, 2052. Debt is secured by a pledge of excess municipal revenues including but not limited to the Hydro Royalty Fund.

6,503,510

Capital lease dated December 21, 2015, in the amount of \$798,332

Financing obtained through Southside Bank for the purchase of a fire truck, fifteen payments of principal and interest due in the amount of \$70,932, with interest at 3.83% and matures in December 2030.

757,944

Capital lease dated July 1, 2013, in the amount of \$153,858

Financing obtained through Bancorp South Equipment Finance for the purchase of an International garbage truck, thirty-six payments of principal and interest due in the amount of \$2,215.46, and a final payment of \$85,000, with interest at 2.96% and matures in July 2017.

61,136

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 9 - LONG-TERM OBLIGATIONS (continued)

Capital lease dated January 25, 2017, in the amount of \$167,242

Financing obtained through Bancorp South Equipment Finance for the purchase of an International Heil rear loader garbage truck, twenty-five payments of principal and interest due in the amount of \$2,987,93, and a final payment of \$103,000, with interest at 2.65% and matures in January 2018.

127,274

Note payable dated March 2017, in the amount of \$1,800,000

Financing obtained through Concordia Bank & Trust, Co., for the purpose of financing general operating expenses, with interest at 1.75% and matures in March 2018.

1,800,000

Capital lease dated February 27, 2016, in the amount of \$145,000

Financing obtained through Republic First National Corp. for the purchase of an ambulance, with six payments of principal and interest due in the amount of \$25,361.08, with interest at 2.78% and matures in March 2018.

49,682

Promissory note dated December 30, 2016, in the amount of \$700,000

Financing obtained through LA Department of Environmental Quality for the reimbursements of tire production costs via LA Elastomer, LLC through a cooperative agreement with the state, and includes two payments of \$47,000; one payment of \$46,000; thirty-five payments of \$15,555; and a final payment of \$15,575, 0% interest and matures in March 2018.

139,015

\$ 10,574,472

At June 30, 2017, the municipality has accumulated \$43,412 in the debt service funds for future debt requirements. The bonds and notes are due as follows:

<u>Year ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Totals</u>
2017	\$ 2,811,096	\$ 298,830	\$ 3,109,926
2018	414,044	275,631	689,675
2019	429,285	259,455	688,740
2020	154,717	242,543	397,260
2021	160,346	236,914	397,260
2022-2026	893,611	1,986,300	2,879,911
2027-2031	997,558	1,915,368	2,912,926
2032-2036	880,135	1,631,340	2,511,475
2037-2041	1,048,190	619,450	1,667,640
2042-2046	1,248,335	426,180	1,674,515
2047-2051	1,486,418	196,006	1,682,424
2052-2053	<u>50,737</u>	<u>50,885</u>	<u>101,622</u>
Total	<u>\$ 10,574,472</u>	<u>\$ 8,138,902</u>	<u>\$ 18,713,374</u>

The municipality is legally restricted from incurring long-term bonded debt secured by sales and use taxes in excess of 75% of the avails of the tax. The municipality was within this 75% limitation when the sales tax bonds were issued.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 10 - SALES AND USE TAX REVENUES

- A. On July 17, 1999, a special election was held, at which the citizens of Vidalia approved two individual propositions concerning (1) the levy and use of an additional 1% sales tax, and (2) the use of the existing 1% sales tax, which was approved in 1970.

Generally, the propositions authorized the imposition of a new 1% sales tax for 18 years and dedicated the proceeds of both the new and existing sales tax for the acquisition, construction, extending, improving, maintaining, and/or operating public streets, drainage facilities, waterworks system facilities and improvements, and sewerage system facilities and improvements, and authorized the Town to fund the proceeds of both sales taxes into bonds for any capital purpose set forth above.

During 2017, the citizens of Vidalia approved an extension of this 1% sales tax for a period of 18 years commencing on October 1, 2017, upon the sale at retail, the use, the lease or rental, the consumption, and the storage for use or consumption, of tangible personal property and on sales of services in the Town, all as defined by law, inclusive, with the proceeds of the tax (after paying the reasonable and necessary expenses of collecting and administering the tax), to be dedicated and used for acquiring, constructing, extending, improving, maintaining, and/or operating public streets, drainage facilities, waterworks system facilities and improvements, and sewerage system facilities and improvements, and the Town shall be further authorized to fund the proceeds of the tax into bonds for any of the capital purposes set forth above to the extent and in the manner permitted by the laws of Louisiana.

- B. Proceeds of an additional .5% sales and use tax are dedicated to providing the community with ambulance service.

NOTE 11 - PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Municipal Employees Retirement System (MERS), the Municipal Police Employees Retirement System (MPERS), Louisiana State Employees' Retirement System (LASERS) and the Municipal Firefighters' Retirement System (MFRS) and additions to/deductions from MERS, MPERS, LASERS, and MFRS's fiduciary net position have been determined on the same basis as they are reported by MERS, MPERS, LASERS, and MFRS.

NOTE 12 - DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an expenditure until then. In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town's deferred outflows and deferred inflows are resources related to pensions.

NOTE 13 - PENSION PLANS

For the year ended June 30, 2017, the Town of Vidalia, Louisiana reports the following note disclosures as required by GASB Statement 68, *Accounting and Financial Reporting for Pensions*.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 - PENSION PLANS (continued)

Substantially all employees of the Town of Vidalia, Louisiana are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana (MERS), Municipal Police Employees Retirement System of Louisiana (MPERS), Louisiana State Employees' Retirement System (LASERS), or Municipal Firefighters' Retirement System of Louisiana (MFRS). These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (MERS)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All employees of the municipality are members of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds, and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with the basic benefit reduced 3% for each year retirement precedes age 62, unless they have at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (225) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.00% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The current rate is 9.50% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans Parish) of the taxes shown to be collectible by the tax rolls of each Parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each Plan. The contribution requirements of Plan members and the Town are established and may be amended by state statute.

As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System under Plan B for the years ending June 30, 2017 and 2016, were \$404,406 and \$369,990, respectively, equal to the required contributions for those years.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 - PENSION PLANS (continued)

A. Municipal Employees Retirement System of Louisiana (MERS) (continued)

Actuarial Assumptions. The total pension liability in the June 30, 2016, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal Cost
Expected remaining service lives	3 years for Plan A and 4 years for Plan B
Investment rate of return	7.500%
Inflation rate	2.875%
Salary increases, including inflation and merit increases	5.000%
Annuitant and beneficiary mortality	RP-2000 Healthy Annuitant Sex-Distinct Mortality Table, set forward for two years for males, and set forward one year for females, projected to 2028 using scale AA.
Employee mortality	RP-2000 Disabled Lives Mortality Table, set back two years for both males and females.
Disabled lives mortality	RP-2000 Disabled Lives Mortality Table, set back five years for males, and set back three years for females.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimated ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation 2.40% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rates of return were 7.6% for the year ended June 30, 2016. Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Public equity	50%	2.6%
Public fixed income	35%	1.8%
Alternatives	15%	0.8%
Totals	<u>100%</u>	<u>5.2%</u>
Inflation		<u>2.5%</u>
Expected arithmetic nominal return		<u>7.7%</u>

B. Municipal Police Employees Retirement System of Louisiana (MPERS)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 - PENSION PLANS (continued)

B. Municipal Police Employees Retirement System of Louisiana (MPERS) (continued)

Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (225) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 10% of their annual covered salary, and the Town of Vidalia, Louisiana is required to contribute at an actuarially determined rate. The current rate is 31.75% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2017 and June 30, 2016, were \$264,524 and \$326,838, respectively, equal to the required contributions for those years.

Actuarial assumptions. The total pension liability as of June 30, 2016, is based on actuarial valuations and assumptions as follows:

Valuation date	June 30, 2016								
Actuarial cost method	Entry Age Normal Cost								
Investment rate of return	7.5%, net of investment expense								
Expected remaining service lives	2016 - five years 2015 - five years 2014 - five years								
Inflation rate	2.875%								
Salary increases, including inflation and merit	<table border="0" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th style="text-align: center; border-bottom: 1px solid black;">Years of Service</th> <th style="text-align: center; border-bottom: 1px solid black;">Salary Growth Rate</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">1-2</td> <td style="text-align: center;">9.75%</td> </tr> <tr> <td style="text-align: center;">3-23</td> <td style="text-align: center;">4.75%</td> </tr> <tr> <td style="text-align: center;">23 and over</td> <td style="text-align: center;">4.25%</td> </tr> </tbody> </table>	Years of Service	Salary Growth Rate	1-2	9.75%	3-23	4.75%	23 and over	4.25%
Years of Service	Salary Growth Rate								
1-2	9.75%								
3-23	4.75%								
23 and over	4.25%								
Mortality	RP-2000 Combined Healthy with Blue Collar Adjustment Sex Distinct Tables, projected to 2029 by Scale AA (set back one year for females) for healthy annuitants and beneficiaries. RP-2000 Disabled Lives Table, set back five years for males and three years for females, for disabled annuitants. RP-2000 Employee Table, set back four years for males and three years for females, for active members.								
Cost-of-living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost-of-living increases. The present values do not include provisions for potential future increases not yet authorized by the Board of Trustees.								

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 – PENSION PLANS (continued)

B. Municipal Police Employees Retirement System of Louisiana (MPERS) (continued)

The mortality rate assumption used was set based upon an experience study performed by the prior actuary on Plan data for the period July 2, 2009 through June 30, 2014, and review of similar law enforcement mortality. The data was assigned credibility weighting and combined with a standard table to produce current levels of mortality. This mortality was then projected forward to a period equivalent to the estimated duration of the System's liabilities. Annuity values calculated based on this mortality were compared to those produced by using a set-back of standard tables. The result of the procedure indicated that the tables used would produce liability values approximating the appropriate generational mortality tables.

The best estimates of the arithmetic nominal rates of return for each major asset class included in the System's target allocation as of June 30, 2016, are summarized in the following table:

<u>Asset Class as of 6/30/16</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u>
Equity	53.00%	3.69%
Fixed income	21.00%	0.49%
Alternatives	20.00%	1.11%
Other	6.00%	0.21%
Totals	<u>100.00%</u>	5.50%
Inflation		<u>2.75%</u>
Expected arithmetic nominal return		<u>8.25%</u>

C. Municipal Firefighters' Retirement System of Louisiana (MFRS)

Plan Description. Membership in the Louisiana Municipal Firefighters' Retirement System is mandatory for all full-time firefighters employed by a municipality, Parish, or fire protection district that did not enact an ordinance before January 1, 1980, exempting itself from participation in the System. Employees are eligible to retire at or after age 55 with at least 12 years of creditable service or at or after age 50 with at least 20 years of creditable service. Upon retirement, members are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3% of their final-average salary for each year of creditable service, not to exceed 100% of their final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least 12 years of service and do not withdraw their employee contributions may retire at or after age 55 (or at or after age 50 with at least 20 years of creditable service at termination) and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 – PENSION PLANS (continued)

C. Municipal Firefighters' Retirement System of Louisiana (MFRS) (continued)

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Firefighters' Retirement System of Louisiana, Post Office Box 94095, Baton Rouge, Louisiana 70804, or by calling (225) 925-4060.

Funding Policy. Plan members are required by state statute to contribute 10.0% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The current rate is 27.25% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2017 and June 30, 2016, were \$218,612 and \$237,764, respectively, equal to the required contributions for those years.

Actuarial assumptions. The actuarial assumptions used in the June 30, 2016 valuations were based on actuarial funding valuation and results of an actuarial experience study for the period of July 1, 2009 through June 30, 2014. The required Schedules of Employers' Net Pension Liability located in required supplementary information following the Notes to the Financial Statements presents multi-year trend information regarding whether the plan fiduciary net position is increasing or decreasing over time relative to the total pension liability. The total pension liability as of June 30, 2016, is based on actuarial valuations for the same periods, updated using generally accepted actuarial procedures.

Additional information on the actuarial methods and assumptions used as of the June 30, 2016, actuarial valuations follows:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal Cost
Actuarial assumptions:	
Estimated remaining service life	7 years
Investment rate of return	7.5% per annum
Inflation rate	2.875% per annum
Mortality	For the fiscal years ended June 30, 2016, mortality assumptions were set after reviewing an experience study performed on plan data for the period July 1, 2009 through June 30, 2014. The pre- and post-mortality life expectancies of participants based on the RP-2000 Combined Healthy with Blue Collar Adjustment Sex-Distinct Tables projected to 2031 using Scale AA for employee, annuitant and beneficiary mortality. The RP-2000 Disabled Lives Mortality table set back 5 years for males and set back 3 years for females was selected for disabled annuitants.
Salary increases	Vary from 15.0% in the first two years of service to 4.75% after 25 years
Cost of living adjustments	Only those previously granted

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 - PENSION PLANS (continued)

C. Municipal Firefighters' Retirement System of Louisiana (MFRS) (continued)

The estimated long-term expected real rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The long-term expected real rates of return was 8.34% as of June 30, 2016. Best estimates of real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016, are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Portfolio Real Rate of Return
Fixed income	24%	1.85%
Equity	58%	6.77%
Alternatives	8%	6.67%
Other	10%	4.30%
Totals	<u>100%</u>	<u>5.34%</u>
Inflation		<u>3.00%</u>
Expected arithmetic nominal return		<u>8.34%</u>

D. Louisiana State Employees' Retirement System (LASERS)

Plan Description. The System was established for the purpose of providing retirement allowances and other benefits as stated under the provisions of LA R.S. 11:401, as amended, for eligible state officers, employees and their beneficiaries. The projection of benefit payments in the calculation of the total pension liability includes all benefits to be provided to current active and inactive employees through the System in accordance with the benefit terms and any additional legal agreements to provide benefits that are in force at the measurement date. The following is a description of the Plan and its benefits and is provided for general information purposes only. Participants should refer to the appropriate statutes for more complete information.

The age and years of creditable service required in order for a member to retire with full benefits are established by statute, and vary depending on the member's hire date, employer, and job classification. Our rank and file members hired prior to July 1, 2006, may either retire with full benefits at any age upon completing 30 years of creditable service and at age 60 upon completing ten years of creditable service depending on their plan. Those members hired between July 1, 2006 and June 30, 2015, may retire at age 60 upon completing five years of creditable service and those hired on or after July 1, 2015, may retire at age 62 upon completing five years of creditable service. The basic annual retirement benefit for members is equal to 2.5% to 3.5% of average compensation multiplied by the number of years of creditable service. The System also provides disability and survivor's benefits. Additionally, members may choose to retire with 20 years of service at any age, with an actuarially reduced benefit.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 – PENSION PLANS (continued)

D. Louisiana State Employees' Retirement System (LASERS) (continued)

Average compensation is defined as the member's average annual earned compensation for the highest 36 consecutive months of employment for members employed prior to July 1, 2006. For members hired July 1, 2006, or later, average compensation is based on the member's average annual earned compensation for the highest 60 consecutive months of employment. The maximum annual retirement benefit cannot exceed the lesser of 100% of average compensation or a certain specified dollar amount of actuarially determined monetary limits, which vary depending upon the member's age at retirement. Judges, court officers, and certain elected officials receive an additional annual retirement benefit equal to 1.0% of average compensation multiplied by the number of years of creditable service in their respective capacity. As an alternative to the basic retirement benefits, a member may elect to receive their retirement throughout their life, with certain benefits being paid to their designated beneficiary after their death.

Act 992 of the 2010 Louisiana Regular Legislative Session changed the benefit structure for LASERS members hired on or after January 1, 2011. This resulted in three new plans: regular, hazardous duty, and judges. The new regular plan includes regular members and those members who were formerly eligible to participate in specialty plans, excluding hazardous duty and judges. Regular members and judges are eligible to retire at age 60 after five years of creditable service and, may also retire at any age, with a reduced benefit, after 20 years of creditable service. Hazardous-duty members are eligible to retire with 12 years of creditable service at age 55, 25 years of creditable service at any age, or with a reduced benefit after 20 years of creditable service. Average compensation will be based on the member's average annual earned compensation for the highest 60 consecutive months of employment for all three new plans. Members in the regular plan will receive a 2.5% accrual rate, hazardous-duty plan a 3.33% accrual rate, and judges a 3.5% accrual rate. The extra 1.0% accrual rate for each year of service for court officers, the governor, lieutenant governor, legislators, House clerk, sergeants at arms, or Senate secretary, employed after January 1, 2011, was eliminated by Act 992. Specialty plan and regular members, hired prior to January 1, 2011, who are hazardous duty employees have the option to transition to the new hazardous-duty plan.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the LASERS, Post Office Box 44213, Baton Rouge, Louisiana 70804; or by visiting the System's website, <http://www.lasersonline.org/site.php>; or by calling (225) 922-0600.

Funding Policy. Plan members are required by state statute to contribute 8.00% of their annual covered salary, and the Town is required to contribute at an actuarially determined rate. The current rate is 35.80% of annual covered payroll. The contribution requirements of Plan members and the Town are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town's contributions to the System for the years ending June 30, 2017 and June 30, 2016, were \$36,004 and \$0, respectively, equal to the required contributions for those years.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 - PENSION PLANS (continued)

D. Louisiana State Employees' Retirement System (LASERS) (continued)

A summary of the actuarial methods and assumptions used in determining the total pension liability as of June 30, 2016, are as follows:

Valuation date	June 30, 2016
Actuarial cost method	Entry Age Normal
Expected remaining service lives	3 years
Investment rate of return	7.75% per annum, net of investment expenses
Inflation rate	3.0% per annum
Mortality	<i>Non-disabled members</i> - Mortality rates based on the RP-2000 Combined Healthy Mortality Table, with mortality improvement projected to 2015. <i>Disabled members</i> - Mortality rates based on the RP-2000 Disabled Retiree Mortality Table, with no projection for mortality improvement.
Termination, disability, and retirement	Termination, disability, and retirement assumptions were projected based on a five-year (2009-2013) experience study of the System's members.
Salary increases	Salary increases were projected based on a 2009-2013 experience study of the System's members. The salary increase ranges for specific types of members are:

Member Type	Lower Range	Upper Range
Regular	4.0%	13.0%
Judges	3.0%	5.5%
Corrections	3.6%	14.5%
Hazardous duty	3.6%	14.5%
Wildlife		

Cost of living adjustments	The present value of future retirement benefits is based on benefits currently being paid by the System and includes previously granted cost of living increases. The projected benefit payments do not include provisions for potential future increases not yet authorized by the Board of Trustees as they were deemed not to be substantively automatic.
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TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 – PENSION PLANS (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense, and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 3.25% and an adjustment for the effect of rebalancing/diversification. The resulting expected long-term rate of return is 8.72% for 2016. Best estimates of geometric real rates of return for each major asset class included in the System's target asset allocation as of June 30, 2016, are summarized in the following table:

Expected long-term real rates of return:

Asset class	<u>2016</u>
Cash	-0.24%
Domestic equity	4.31%
International equity	5.48%
Domestic fixed income	1.63%
International fixed income	2.47%
Alternative investments	7.42%
Global tactical asset allocation	2.92%
Total fund	5.30%

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the Town reported a liability of \$4,398,167, \$3,580,566, \$2,289,225, and \$160,271 for its proportionate share of the net pension liability for MERS, MPERS, MFRS, and LASERS, respectively. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating cities, actuarially determined. At June 30, 2016, the Town's proportion was 5.305974% for MERS, 0.382016% for MPERS, 0.349986% for MFRS, and 0.00204% for LASERS.

For the year ended June 30, 2017, the Town recognized pension expense of \$923,728, \$786,710, \$472,250, and \$16,473, for MERS, MPERS, MFRS, and LASERS, respectively. At June 30, 2017, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>MERS</u>	<u>MPERS</u>	<u>MFRS</u>	<u>LASERS</u>
Deferred inflows of resources:				
Differences between expected and actual experience	\$ (63,548)	\$ (56,958)	\$ (90,616)	\$ (1,486)
Changes of assumptions	-	(216)	(638)	-
Changes in proportion	(58,753)	-	(19,763)	-
Net difference between projected and actual earnings on pension plan investments	1,078,068	550,954	550,178	19,962

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TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 - PENSION PLANS (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

	<u>MERS</u>	<u>MPERS</u>	<u>MFRS</u>	<u>LASERS</u>
Changes in proportion and differences between Town contributions and proportionate share of contributions:				
Differences between expected and actual experience	36,073	-	-	93
Changes of assumptions	219,164	174,089	19,729	-
Changes in proportion	297,401	681,014	580,528	-
Town contributions subsequent to the measurement date	<u>404,406</u>	<u>264,524</u>	<u>218,612</u>	<u>36,004</u>
Total deferred outflows of resources	<u>\$ 1,912,811</u>	<u>\$ 1,613,407</u>	<u>\$ 1,258,030</u>	<u>\$ 54,573</u>

\$923,546 reported as deferred outflows of resources related to pensions resulting from the Town contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>MERS</u>	<u>MPERS</u>	<u>MFRS</u>	<u>LASERS</u>
Year ended June 30:				
2017	\$ 499,346	\$ 478,191	\$ 233,643	\$ 3,071
2018	420,743	364,107	233,643	2,978
2019	424,219	366,640	268,201	7,758
2020	164,097	139,945	191,632	4,762
2021	-	-	51,602	-
Thereafter	-	-	60,697	-

Discount Rate. The discount rate used to measure the total pension liability was 7.50% for MERS, 7.50% for MPERS, 7.50% for MFRS, and 7.75% for LASERS. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members will be made at the current contribution rates and that contributions from participating employers and nonemployer entities will be made at the actuarially determined rates approved by the Board of Trustees and PRSAC taking into consideration the recommendation of the System's actuary. Based on these assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 13 - PENSION PLANS (continued)

Sensitivity to Changes in Discount Rate. The following presents the Town's net pension liability of the participating employers calculated using the discount rate of 7.75%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.75% or one percentage point higher 8.75% than the current date. Similarly, the following presents the Town's net pension liability of the participating employers calculated using the discount rate of 7.50%, as well as what the employer's net pension liability would be if it were calculated using a discount rate that is one percentage point lower 6.50% or one percentage point higher 8.50% than the current date.

MERS:	Changes in Discount Rate		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 5,689,603	\$ 4,398,167	\$ 3,296,313

MPERS:	Changes in Discount Rate		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 4,773,203	\$ 3,580,566	\$ 2,579,240

MFRS:	Changes in Discount Rate		
	1% Decrease 6.50%	Current Discount Rate 7.50%	1% Increase 8.50%
Net Pension Liability	\$ 3,118,884	\$ 2,289,225	\$ 1,591,497

LASERS:	Changes in Discount Rate		
	1% Decrease 6.75%	Current Discount Rate 7.75%	1% Increase 8.75%
Net Pension Liability	\$ 196,811	\$ 160,271	\$ 129,078

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 14 - SEGMENT INFORMATION FOR UTILITY FUND

The Utility Fund operated by the Town provides gas, electric, water, and sewer utility services. The following is a summary of disclosures required by the National Council on Governmental Accounting in Interpretation 2, Segment Information for Enterprise Funds, Utility Departments only:

	<u>Gas Utility</u>	<u>Electric Utility</u>	<u>Water Utility</u>	<u>Sewer Utility</u>	<u>Office</u>	<u>Total</u>
Operating revenues	\$ 1,218,241	\$ 9,183,466	\$ 647,233	\$ 540,800	\$ -	\$ 11,589,740
Purchase of utility provided	(292,898)	(5,292,983)	-	-	-	(5,585,881)
Operating expenses	(323,020)	(1,336,174)	(971,138)	(274,190)	(529,634)	(3,434,156)
Depreciation	<u>(74,341)</u>	<u>(250,898)</u>	<u>(195,143)</u>	<u>(223,021)</u>	<u>(92,925)</u>	<u>(836,328)</u>
Operating income (loss)	<u>\$ 527,982</u>	<u>\$ 2,303,411</u>	<u>\$ (519,048)</u>	<u>\$ 43,589</u>	<u>\$ (622,559)</u>	<u>\$ 1,733,375</u>
Operating transfers, net						(2,495,680)
Interest income and grants						<u>35,506</u>
Net loss						<u>\$ (726,799)</u>

NOTE 15 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town carries commercial insurance for these risks. Settled claims resulting from these insured risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 16 - PRIOR PERIOD RESTATEMENT

A summary of net position adjustments related to capital assets inadvertently missed in the prior period financial statements are included below. Additionally, management mistakenly included court fund transactions as fine income versus a liability account, resulting in an overstated fund balance at June 30, 2016. See adjustments below for governmental activities and fund financial corrections.

(Governmental Activities)

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
Statement of net position			
Capital assets	\$ 6,003,198	\$ 6,051,710	\$ 48,512
Total net position	<u>\$ 6,003,198</u>	<u>\$ 6,051,710</u>	<u>\$ 48,512</u>

(Fund Financials)

	<u>As Previously Stated</u>	<u>As Restated</u>	<u>Effect of Correction</u>
Statement of fund balance			
Other liabilities	\$ 7,294	\$ 91,677	\$ (84,383)
Total fund balance	<u>\$ 7,294</u>	<u>\$ 91,677</u>	<u>\$ (84,383)</u>

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017

NOTE 17 – TOWN OF VIDALIA – HYDROELECTRIC PROJECT

On March 22, 1984, the Town entered into a conditional agreement with Catalyst Energy Development Corporation to enable Catalyst to successfully finance, develop, construct, operate, and maintain the Vidalia Hydroelectric Project to be located in the State of Louisiana between the Mississippi River and the Atchafalaya River near the U.S. Corps of Engineers' Old River Control Project.

On June 28, 1988, the Town and Catalyst Old River Hydroelectric Limited Partnership (successor to the rights and obligations of Catalyst Energy Development Corporation) entered into an agreement to amend and restate the March 22, 1984, agreement in its entirety. This agreement was again amended and restated on August 17, 1990, in its entirety. A general summary is as follows:

A. Payment of Royalties to the Town of Vidalia, Louisiana

In consideration for its participation in this hydroelectric project, the Town will be entitled to royalty payments based on a percentage of gross revenues beginning with 3.75% in the first year of operations, graduated to 11.6% in the year 2021, and 20% thereafter. All such payments shall be paid quarterly by depositing or transferring funds into a royalty account.

B. Restrictions on Revenues

Revenues derived from the Town's participation in the S. A. Murray, Jr. Hydro Station shall be deposited into a special bank account and designated as the "Town of Vidalia Hydro Royalty Fund." This fund is accounted for as a "Special Revenue Fund." These revenues shall be maintained and administered in the following order of priority and expended for the following express purposes:

1. Payments of all expenses and costs arising from the Town's participation in the S. A. Murray, Jr. Hydro Station.
2. Satisfaction of any debt requirements incurred to finance capital improvements, which were approved pursuant to the conditions as set forth in the following item number seven.
3. The establishment and maintenance of a reserve fund into which amounts shall be transferred, the total of which shall equal or exceed the highest amount possibly due under the Catalyst Vidalia Power Purchase Agreement in any two-month period of any upcoming calendar year.
4. The Town transfers to the utility fund each month the amount by which the Town's "normal" cost of electric power and energy exceeds 38 mills per kilowatt hour. "Normal" cost of power and energy is the amount paid per kilowatt hour under the current or future power purchase agreements exclusive of power purchased under economic development rate schedules or any other discounted rate schedule which results in a cost which is less than 38 mills per kilowatt hour.

TOWN OF VIDALIA, LOUISIANA
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED JUNE 30, 2017

NOTE 17 - TOWN OF VIDALIA - HYDROELECTRIC PROJECT (continued)

B. Restrictions on Revenues (continued)

5. The rebate of an amount, to be determined by the Mayor and Board of Aldermen, to the then current retail customers of the Town's municipal electric system. This amount shall not exceed 50% of the revenues remaining after payment of amounts noted in items one through four. The amount rebated to each class of retail customer shall be determined by applying to the total amount to be rebated the percentage which the gross margin from retail electric sales to each class of customer bears to total gross margin from all retail sales of electric power. This rebate will be based on kilowatt hour usage during the previous calendar year and shall not exceed 50% of each customer's total electric billing during that period. In all cases, the Town reserves the right to offset any and all amounts due it from individual customers.
6. The transfer to the Town's general fund an amount necessary to offset any deficits incurred in the operation and maintenance of all nonutility municipal services.
7. Revenue not expended as previously stated shall be considered surplus revenue and may be used for any lawful corporate purpose after satisfying the following conditions:

The Mayor and Board of Aldermen shall annually compile a schedule of projects on which these surplus revenues are proposed to be expended. A summary of these projects shall be published and the public notified that details are available for public inspection. At the same time, a minimum of two public hearings shall be called to discuss the proposed projects and receive public input concerning possible alternative uses of surplus funds.

After holding the required public hearings and giving due consideration of public input, the Board of Aldermen shall approve the expenditures of surplus funds for projects deemed to be in the best public interest.

None of the foregoing shall preclude the loaning of funds to any municipal entity of the Town of Vidalia providing that said loan with interest equal to the average rate of return on the investment of surplus municipal funds shall be repaid prior to the expiration of the term of the Mayor and Board of Aldermen authorizing said loan.

C. Option to Purchase the Hydroelectric Project

The partnership has granted to the Town an option to purchase, at any time on or after January 1, 2030, but before January 1, 2032, all of the partnership's rights, title, and interest in and to the hydroelectric project, as then constituted, subject to any permitted mortgages then outstanding at the price of (1) \$1,000 payable in cash at closing, and (2) the balance payable on or before the 15th of each month following the month in which the sale of the project occurs through December 31, 2132, in an amount equal to two-thirds of the cash available for distribution during the preceding month.

This option shall be exercisable by the Town only by 12 months prior written notice given by the Town to the partnership, provided, however, that the partnership shall give written notice to the Town during the year 2029 for the Town's exercise of its option to purchase.

REQUIRED SUPPLEMENTARY INFORMATION (PART II)

TOWN OF VIDALIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		(Negative)
Revenues				
Taxes	\$ 157,180	\$ 149,200	\$ 158,709	\$ 9,509
Licenses and permits	297,100	-	247,113	247,113
Fines and forfeits	79,850	252,100	2,012	(250,088)
Intergovernmental revenue	339,450	1,051,235	1,161,241	110,006
Charges for services	576,500	575,000	587,404	12,404
Investment earnings	-	-	335	335
Issuance of debt	-	-	2,798,332	2,798,332
Other	251,750	2,351,600	424,125	(1,927,475)
Total revenues	<u>\$ 1,701,830</u>	<u>\$ 4,379,135</u>	<u>\$ 5,379,271</u>	<u>\$ 1,000,136</u>
Expenditures				
Current:				
Personal services	\$ 7,162,975	\$ 7,014,713	\$ 7,113,602	\$ (98,889)
Materials and supplies	643,125	529,950	686,614	(156,664)
Other services and charges	1,738,850	1,676,740	1,541,349	135,391
Capital outlay:				
Building, machinery, equipment and improvements	155,500	1,281,600	2,146,267	(864,667)
Total expenditures	<u>\$ 9,700,450</u>	<u>\$ 10,503,003</u>	<u>\$ 11,487,832</u>	<u>\$ (984,829)</u>
Excess (deficiency) of revenues before operating transfers	<u>\$ (7,998,620)</u>	<u>\$ (6,123,868)</u>	<u>\$ (6,108,561)</u>	<u>\$ 15,307</u>
Other financing sources (uses)				
Operating transfers - in	\$ 8,926,438	\$ 5,442,346	\$ 7,320,591	\$ 1,878,245
Operating transfers - out	(1,312,190)	(1,116,603)	(831,864)	284,739
Total other financing sources (uses)	<u>\$ 7,614,248</u>	<u>\$ 4,325,743</u>	<u>\$ 6,488,727</u>	<u>\$ 2,162,984</u>
Net change in fund balance	\$ (384,372)	\$ (1,798,125)	\$ 380,166	\$ 2,178,291
Fund balance - beginning of year	<u>(1,712,574)</u>	<u>(1,712,574)</u>	<u>(1,712,574)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (2,096,946)</u>	<u>\$ (3,510,699)</u>	<u>\$ (1,332,408)</u>	<u>\$ 2,178,291</u>

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
HYDRO ROYALTY FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Intergovernmental revenue	\$ -	\$ -	\$ -	\$ -
Charges for services	1,918,000	2,200,000	2,190,382	(9,618)
Other	13,599,900	11,965,000	11,025,529	(939,471)
Total revenues	<u>\$ 15,517,900</u>	<u>\$ 14,165,000</u>	<u>\$ 13,215,911</u>	<u>\$ (949,089)</u>
Expenditures				
Current:				
Other services and charges	\$ 10,901,600	\$ 9,000,000	\$ 8,404,580	\$ 595,420
Total expenditures	<u>\$ 10,901,600</u>	<u>\$ 9,000,000</u>	<u>\$ 8,404,580</u>	<u>\$ 595,420</u>
Excess of revenues before operating transfers	<u>\$ 4,616,300</u>	<u>\$ 5,165,000</u>	<u>\$ 4,811,331</u>	<u>\$ (353,669)</u>
Other financing sources (uses)				
Operating transfers - in	\$ -	\$ 894,000	\$ -	\$ (894,000)
Operating transfers - out	(6,533,000)	(4,228,145)	(4,573,843)	(345,698)
Total other financing sources (uses)	<u>\$ (6,533,000)</u>	<u>\$ (3,334,145)</u>	<u>\$ (4,573,843)</u>	<u>\$ (1,239,698)</u>
Net change in fund balance	\$ (1,916,700)	\$ 1,830,855	\$ 237,488	\$ (1,593,367)
Fund balance - beginning of year	<u>5,490,648</u>	<u>5,490,648</u>	<u>5,490,648</u>	<u>-</u>
Fund balance - end of year	<u>\$ 3,573,948</u>	<u>\$ 7,321,503</u>	<u>\$ 5,728,136</u>	<u>\$ (1,593,367)</u>

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
BUDGETARY COMPARISON SCHEDULE
SALES TAX FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 2,786,000	\$ 2,228,800	\$ 2,213,557	\$ (15,243)
Intergovernmental revenue	950,000	32,000	31,210	(790)
Other	1,500	1,500	1,184	(316)
Total revenues	<u>\$ 3,737,500</u>	<u>\$ 2,262,300</u>	<u>\$ 2,245,951</u>	<u>\$ (16,349)</u>
Expenditures				
Current:				
Other services and charges	\$ 1,412,000	\$ 123,000	\$ 101,463	\$ 21,537
Capital outlay:				
Building, machinery, equipment, and improvements	1,030,500	-	-	-
Total expenditures	<u>\$ 2,442,500</u>	<u>\$ 123,000</u>	<u>\$ 101,463</u>	<u>\$ 21,537</u>
Excess (deficiency) of revenues before operating transfers	<u>\$ 1,295,000</u>	<u>\$ 2,139,300</u>	<u>\$ 2,144,488</u>	<u>\$ 5,188</u>
Other financing sources (uses)				
Operating transfers - in	\$ -	\$ 27,750	\$ -	\$ (27,750)
Operating transfers - out	(1,885,120)	(986,091)	(1,711,691)	(725,600)
Total other financing sources (uses)	<u>\$ (1,885,120)</u>	<u>\$ (958,341)</u>	<u>\$ (1,711,691)</u>	<u>\$ (753,350)</u>
Net change in fund balance	\$ (590,120)	\$ 1,180,959	\$ 432,797	\$ (748,162)
Fund balance - beginning of year	<u>(30,603)</u>	<u>(30,603)</u>	<u>(30,603)</u>	<u>-</u>
Fund balance - end of year	<u>\$ (620,723)</u>	<u>\$ 1,150,356</u>	<u>\$ 402,194</u>	<u>\$ (748,162)</u>

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2017

Budgetary Comparison Schedule

1. Basis of Presentation

The Budgetary Comparison Schedule presents the original legally adopted budget, the final legally adopted budget, the actual data on the GAAP basis, and variances between the final budget and the actual data.

2. Budget Amendments and Revisions

The budget is adopted by the Board of Aldermen. Amendments can be made on the approval of the Board of Aldermen. A budgetary comparison is presented for the General Fund and each major special revenue fund consistent with accounting principles generally accepted in the United States of America.

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TOWN OF VIDALIA LOUISIANA'S RETIREMENT PLANS
YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
MERS:			
Town's proportion of the net pension liability (asset)	5.305974%	4.798171%	5.022907%
Town's proportionate share of the net pension liability (asset)	\$ 4,398,167	\$ 3,261,063	\$ 2,358,237
Town's covered-employee payroll	\$ 3,676,422	\$ 3,893,136	\$ 3,329,289
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	119.63%	83.76%	70.83%
Plan fiduciary net position as a percentage of the total pension liability	63.34%	68.71%	73.99%
MPERS:			
Town's proportion of the net pension liability (asset)	0.382016%	0.302588%	0.2754518%
Town's proportionate share of the net pension liability (asset)	\$ 3,580,566	\$ 2,370,461	\$ 1,717,406
Town's covered-employee payroll	\$ 826,659	\$ 1,097,178	\$ 817,650
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	433.14%	216.05%	210.04%
Plan fiduciary net position as a percentage of the total pension liability	66.04%	70.73%	75.10%
MFRS:			
Town's proportion of the net pension liability (asset)	0.349986%	0.260390%	0.265972%
Town's proportionate share of the net pension liability (asset)	\$ 2,289,225	\$ 1,405,354	\$ 1,183,552
Town's covered-employee payroll	\$ 865,789	\$ 863,768	\$ 553,377
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	264.41%	162.70%	213.88%
Plan fiduciary net position as a percentage of the total pension liability	68.16%	72.45%	76.02%

- continued -

TOWN OF VIDALIA, LOUISIANA
 SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 TOWN OF VIDALIA LOUISIANA'S RETIREMENT PLANS
 YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
LASERS:			
Town's proportion of the net pension liability (asset)	0.00204%	-%	-%
Town's proportionate share of the net pension liability (asset)	\$ 160,271	\$ -	\$ -
Town's covered-employee payroll	\$ 99,733	\$ -	\$ -
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	160.70%	-%	-%
Plan fiduciary net position as a percentage of the total pension liability	57.7%	-%	-%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
TOWN OF VIDALIA'S RETIREMENT PLANS
YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
MERS:			
Contractually required contribution	\$ 404,406	\$ 369,990	\$ 316,566
Contributions in relation to the contractually required contribution	<u>(404,406)</u>	<u>(369,990)</u>	<u>(316,566)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 3,676,422	\$ 3,893,136	\$ 3,329,289
Contributions as a percentage of covered-employee payroll	11%	9.50%	9.51%
MPERS:			
Contractually required contribution	\$ 264,524	\$ 326,838	\$ 258,965
Contributions in relation to the contractually required contribution	<u>(264,524)</u>	<u>(326,838)</u>	<u>(258,965)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 826,659	\$ 1,097,178	\$ 817,650
Contributions as a percentage of covered-employee payroll	32%	29.79%	31.67%
MFRS:			
Contractually required contribution	\$ 218,612	\$ 237,764	\$ 163,992
Contributions in relation to the contractually required contribution	<u>(218,612)</u>	<u>(237,764)</u>	<u>(163,922)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 865,789	\$ 863,768	\$ 553,377
Contributions as a percentage of covered-employee payroll	25.25%	27.53%	29.63%

- continued -

TOWN OF VIDALIA, LOUISIANA
 SCHEDULE OF THE TOWN'S CONTRIBUTIONS
 TOWN OF VIDALIA'S RETIREMENT PLANS
 YEAR ENDED JUNE 30, 2017

	<u>2017</u>	<u>2016</u>	<u>2015</u>
LASERS:			
Contractually required contribution	\$ 36,004	\$ -	\$ -
Contributions in relation to the contractually required contribution	<u>(36,004)</u>	<u>-</u>	<u>-</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 99,733	\$ -	\$ -
Contributions as a percentage of covered-employee payroll	36.10%	-%	-%

- This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA
 SCHEDULE OF COMPENSATION OF THE GOVERNING BOARD
 YEAR ENDED JUNE 30, 2017

The Governing Board of the Town of Vidalia, Louisiana consists of a Mayor and five Aldermen. For the fiscal year ended June 30, 2017, their compensation was as follow:

Buz Craft, Mayor	\$	81,242
Robert Gardner, Alderman		9,078
Triand McCoy, Alderman		9,078
Erin Doré, Alderman		8,428
Thomas Probst, Alderman		8,428
Jon Betts, Alderman		<u>8,428</u>
Total	\$	<u><u>124,682</u></u>

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

YEAR ENDED JUNE 30, 2017

Agency Head Name: Honorable Buz Craft, Mayor

Salary	\$	81,242
Benefits		8,744
Cell phone		-
Dues		825
Reimbursements		3,256
Travel		1,425
Meals		1,170
Lodging		2,410
Fuel		3,609
	\$	<u>102,681</u>

See Independent Auditor's Report.

NONMAJOR GOVERNMENTAL FUNDS

TOWN OF VIDALIA, LOUISIANA
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2017

	Special Revenue				Debt Service			Capital Projects					Total Nonmajor Govern- mental Funds
	Ambulance Fund	Town Court Fund	Hotel Occupancy Fund	Total	Sales Tax Sinking Fund	USDA Debt Reserve Fund	Total	Port Access Fund	LCDBG Fund	Industrial Port Fund	Industrial Park Fund	Total	
Assets													
Cash and cash equivalents	\$ 23,630	\$ 278,580	\$ 153,408	\$ 455,618	\$ 6,683	\$ 36,729	\$ 43,412	\$ 12,991	\$ 1	\$ 10,048	\$ 113,967	\$ 137,007	\$ 636,037
Receivables (net of allowance for uncollectibles)	45,482	21,256	-	66,738	-	-	-	-	-	-	-	-	66,738
Due from other agencies	-	-	-	-	-	-	-	-	-	-	125,659	125,659	125,659
Due from other governments	-	-	-	-	-	-	-	51,890	-	-	-	51,890	51,890
Due from other funds	570,023	-	38,681	608,704	-	-	-	73,510	-	200,000	-	273,510	882,214
Total assets	\$ 639,135	\$ 299,836	\$ 192,089	\$ 1,131,060	\$ 6,683	\$ 36,729	\$ 43,412	\$ 138,391	\$ 1	\$ 210,048	\$ 239,626	\$ 588,066	\$ 1,762,538
Liabilities and Fund Balances													
Liabilities:													
Accounts payable	\$ 10,590	\$ -	\$ -	\$ 10,590	\$ -	\$ -	\$ -	\$ 29,178	\$ -	\$ -	\$ 16,380	\$ 45,558	\$ 56,148
Accrued liabilities	73,088	-	-	73,088	-	-	-	-	-	-	3,654	3,654	76,742
Due to other funds	3,670	4,062	-	7,732	-	-	-	200,000	-	210,048	87,229	497,277	505,009
Other liabilities	-	53,625	-	53,625	-	-	-	-	-	-	-	-	53,625
Total liabilities	\$ 87,348	\$ 57,687	\$ -	\$ 145,035	\$ -	\$ -	\$ -	\$ 229,178	\$ -	\$ 210,048	\$ 107,263	\$ 546,489	\$ 691,524
Fund balances:													
Restricted for:													
Capital projects	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (90,787)	\$ 1	\$ -	\$ 132,363	\$ 41,577	\$ 41,577
Debt service	-	-	-	-	6,683	36,729	43,412	-	-	-	-	-	43,412
Assigned	551,787	242,149	192,089	986,025	-	-	-	-	-	-	-	-	986,025
Total fund balances	\$ 551,787	\$ 242,149	\$ 192,089	\$ 986,025	\$ 6,683	\$ 36,729	\$ 43,412	\$ (90,787)	\$ 1	\$ -	\$ 132,363	\$ 41,577	\$ 1,071,014
Total liabilities and fund balances	\$ 639,135	\$ 299,836	\$ 192,089	\$ 1,131,060	\$ 6,683	\$ 36,729	\$ 43,412	\$ 138,391	\$ 1	\$ 210,048	\$ 239,626	\$ 588,066	\$ 1,762,538

See Independent Auditor's Report.

TOWN OF VIDALIA, LOUISIANA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Special Revenue			Total	Debt Service			Capital Projects				Total Nonmajor Governmental Funds
	Ambulance Fund	Town Court Fund	Hotel Occupancy Fund		Sales Tax Sinking Fund	USDA Debt Reserve Fund	Total	Port Access Fund	LCDBG Fund	Industrial Park Fund	Total	
Revenues												
Sales and use	\$ 553,389	\$ -	\$ 131,298	\$ 684,687	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 684,687
Intergovernmental revenues:												
Federal	-	-	-	-	-	-	-	810,481	-	-	810,481	810,481
State	36,036	-	-	36,036	-	-	-	-	-	-	-	36,036
Fines	-	177,903	-	177,903	-	-	-	-	-	-	-	177,903
Investment earnings	48	-	-	48	-	-	-	-	-	78	78	126
Other revenues	45,341	-	-	45,341	-	-	-	76	-	461,408	461,484	506,825
Total revenues	\$ 634,814	\$ 177,903	\$ 131,298	\$ 944,015	\$ -	\$ -	\$ -	\$ 810,557	\$ -	\$ 461,486	\$ 1,272,043	\$ 2,216,058
Expenditures												
General government	\$ -	\$ 166,933	\$ 17,221	\$ 184,154	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 216,203	\$ 216,203	\$ 400,357
Public safety	590,385	-	-	590,385	-	-	-	-	-	-	-	590,385
Economic development	-	-	-	-	-	-	-	-	-	173,177	173,177	173,177
Capital outlay	-	-	-	-	-	-	-	926,348	-	711,803	1,638,151	1,638,151
Debt service												
Principal	48,329	-	-	48,329	672,000	93,722	765,722	-	-	-	-	814,051
Interest and fiscal fees	2,394	-	-	2,394	71,407	232,606	304,013	-	-	-	-	306,407
Total expenditures	\$ 641,108	\$ 166,933	\$ 17,221	\$ 825,262	\$ 743,407	\$ 326,328	\$ 1,069,735	\$ 926,348	\$ -	\$ 1,101,183	\$ 2,027,531	\$ 3,922,528
Excess (deficiency) of revenues over expenditures	\$ (6,294)	\$ 10,970	\$ 114,077	\$ 118,753	\$ (743,407)	\$ (326,328)	\$ (1,069,735)	\$ (115,791)	\$ -	\$ (639,697)	\$ (755,488)	\$ (1,706,470)
Other financing sources (uses)												
Transfers - in	\$ 50,600	\$ -	\$ 3,000	\$ 53,600	\$ 750,000	\$ 346,733	\$ 1,096,733	\$ 241,500	\$ -	\$ 836,500	\$ 1,078,000	\$ 2,228,333
Transfers - out	-	(46,190)	-	(46,190)	-	-	-	(240,000)	-	-	(240,000)	(286,190)
Total other financing sources (uses)	\$ 50,600	\$ (46,190)	\$ 3,000	\$ 7,411	\$ 750,000	\$ 346,733	\$ 1,096,733	\$ 1,500	\$ -	\$ 836,500	\$ 838,000	\$ 1,942,143
Net change in fund balance	\$ 44,306	\$ (35,220)	\$ 117,077	\$ 126,163	\$ 6,593	\$ 20,405	\$ 26,998	\$ (114,291)	\$ -	\$ 196,803	\$ 82,512	\$ 235,673
Fund balances - beginning	\$ 507,481	\$ 361,752	\$ 75,012	\$ 944,245	\$ 90	\$ 16,324	\$ 16,414	\$ 23,504	\$ 1	\$ (64,440)	\$ (40,935)	\$ 919,724
Prior period adjustments	-	(84,383)	-	(84,383)	-	-	-	-	-	-	-	(84,383)
Fund balances - beginning restated	\$ 507,481	\$ 277,369	\$ 75,012	\$ 859,862	\$ 90	\$ 16,324	\$ 16,414	\$ 23,504	\$ 1	\$ (64,440)	\$ (40,935)	\$ 835,341
Fund balances - ending	\$ 551,787	\$ 242,149	\$ 192,089	\$ 986,025	\$ 6,683	\$ 36,729	\$ 43,412	\$ (90,787)	\$ 1	\$ 132,363	\$ 41,577	\$ 1,071,014

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Federal Expenditures</u>
<u>U.S. Department of Transportation - Highway Planning and Construction</u>		
Port Access Road Grant	20.205	\$ 734,578
Highway Safety Improvement Program-Drive Sober - Passed-through the State of Louisiana	20.608	<u>12,000</u>
Total U.S. Department of Transportation		<u>\$ 746,578</u>
<u>U.S. Department of Justice - LA Commission on Law Enforcement</u>		
Crime Activity Patrol Project	16.738	<u>\$ 6,002</u>
<u>Office of Juvenile Justice and Delinquents</u>		
Bulletproof Vest Partnership	16.607	<u>\$ 1,268</u>
Total U.S. Department of Justice		<u>\$ 7,270</u>
<u>Department of Commerce - Investments for Public Works and Economic Development Facilities - Investment for Public Works and Economic Development</u>		
Technology Center and Broadband Project	11.300	<u>\$ 727,692</u>
Total Department of Commerce		<u>\$ 727,692</u>
<u>Department of Homeland Security</u>		
Passed-through the State of Louisiana <u>Disaster Grants - Public Assistance</u>	97.036	<u>\$ 45,359</u>
<u>Hazard Mitigation Grant Program - Front Street Drainage</u>	97.039	<u>\$ 31,210</u>
Total Department of Homeland Security		<u>\$ 76,569</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,558,109</u></u>

NOTES TO THIS SCHEDULE

Note 1. The accompanying Schedule of Expenditures of Federal Awards, presents the activity of all federal award activity of the Town of Vidalia (the Town) under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town.

Note 2. BASIS OF ACCOUNTING - The accompanying Schedule of Expenditures of Federal Awards is presented using the same basis of accounting and the same significant accounting policies, as applicable, used for the general purpose financial statements.

Note: The Town did not elect to use the 105 de minimis indirect cost rate allowed under the Uniform Guidance.

See Independent Auditor's Report.

REPORTS ON INTERNAL CONTROLS AND COMPLIANCE



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
THE FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Mayor and Members of the Board of Aldermen
Town of Vidalia, Louisiana
Vidalia, Louisiana

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Vidalia, Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated January 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as Items 2017-1, 2017-2, and 2017-3.

Town of Vidalia, Louisiana's Response to Findings

The Town's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Natchez, Mississippi
January 26, 2018



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**INDEPENDENT AUDITOR'S REPORT
 ON COMPLIANCE FOR EACH MAJOR PROGRAM
 AND ON INTERNAL CONTROL OVER
 COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mayor and Board of Aldermen
 Town of Vidalia, Louisiana

Report on Compliance with Requirements for Each Major Federal Program

We have audited the Town of Vidalia, Louisiana's (the Town) compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended June 30, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S., *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit requirements for Federal Awards (Uniform Guidance)*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Town's compliance.

Opinion on Each Major Federal Program

In our opinion, the Town complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Natchez, Mississippi
January 26, 2018

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

TOWN OF VIDALIA, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

SECTION 1: SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

- | | | |
|----|---|-------------|
| 1. | Type of auditor's report issued on the basic financial statements: | Unqualified |
| 2. | Internal control over financial reporting: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiencies identified that are not considered to be material weaknesses? | No |
| 3. | Material noncompliance relating to the basic financial statements? | Yes |

Federal Awards:

- | | | |
|-----|--|---------------------------|
| 4. | Type of auditor's report issued on compliance for major federal programs: | Unqualified |
| 5. | Internal control over major programs: | |
| | a. Material weakness(es) identified? | No |
| | b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | No |
| 6. | Any audit finding(s) reported as required by US Code of Fed. Reg Part 200, Uniform Guidance ? | No |
| 7. | Federal program identified as a major program:
U.S. Department of Transportation - Highway Planning and Construction
CFDA #20.205 Port Access Road Grant | |
| 8. | The dollar threshold used to distinguish between Type A and Type B programs: | \$750,000 |
| 9. | Auditee qualified as a low-risk auditee? | No |
| 10. | Prior fiscal year audit finding(s) and questioned cost relative to federal awards which would require the auditee to prepare a summary schedule of prior audit findings as discussed in Section __.315(b) of OMB Circular A-133 and/or the uniform guidance? | See accompanying schedule |

TOWN OF VIDALIA, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Financial Statement Findings

2017-1	<u>General Fund Expenditures Over Budget (Compliance Finding)</u>
Condition:	The Town of Vidalia’s General Fund’s expenditures exceeded its budgeted amount by 9.38%. The budgeted amount of expenditures was \$10,503,003 and the actual expenditures were \$11,487,832. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%.
Criteria:	LA statute says that governments’ expenditures must not surpass the budgeted amounts by 5% or more.
Cause of Condition:	There were unanticipated capital outlays and increases in general operational expenses that the Town was not able to make adjustments in time for.
Effect of Condition:	Material weakness in internal controls.
Recommendation:	We recommend that management review the budget to actual regularly during the year and ensure that the 5% threshold is not surpassed.
Response:	Management will work on this for fiscal year 2018.
2017-2	<u>Hydro Fund- Missing Project Documentation (Compliance Finding)</u>
Condition:	The Town failed to document compliance with, and the approval process related to, the Hydro Fund Ordinance 588.
Criteria:	Ordinance 588 specifies that the revenues from the Hydroelectric project be maintained and administered based on specific criteria enumerated in the Ordinance (see Note 17).
Cause of Condition:	Responsible personnel failed to document compliance with the Ordinance. These personnel are no longer employed by the Town.
Effect of Condition:	Failure to document compliance relating to Ordinance 588.
Recommendation:	We recommend that management continue to monitor compliance with Hydro Fund Ordinance 588.
Response:	Management will closely monitor Hydro Fund Ordinance 588 during next fiscal year.
2017-3	<u>Advisory Services Report by the Louisiana Legislative Auditor</u>
Condition:	Following the change in administration on July 1, 2016, the Town asked the Louisiana Legislative Auditor to perform an assessment of internal controls over programmatic and fiscal operations and to provide recommendations to improve those controls. As a result, the Louisiana Legislative Auditor issued a report in January 2018, with its Findings and Recommendations.

TOWN OF VIDALIA, LOUISIANA
CURRENT YEAR FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2017

- Criteria: The Louisiana Legislative Auditor will, from time to time, provide advisory services at the request of local governments through its Local Government Services Division.
- Cause of Condition: Some of the Town's internal controls and processes needed to be strengthened. Town personnel needed additional training.
- Effect of Condition: The goal is to help the Town strengthen internal controls over programmatic and fiscal operations.
- Recommendation: We recommend that the Town review each of the findings included in the report and work to implement the recommendations during the next fiscal year. This separate report is public record and may be reviewed at the Louisiana Legislative Auditor's website. The report is dated January 2018, and is found in the Concordia Parish listing of audits.
- Management's Response and Corrective Action:
Management agrees with the findings and will work to implement the recommendations during the next fiscal year.

Section II – Internal Control and Compliance Material to Federal Awards

None.

Section III – Management Letter

No management letter issued.

TOWN OF VIDALIA, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements:

2016-1 Cash Disbursement Delay – Technology Center and Broadband Project (Internal Control Finding over Federal Programs)

Condition: During our audit, we noted approximately \$17,318 in invoices that were not paid, in some cases within a 12-month period, in relation to federal reimbursements.

Criteria: Federal grant recipients should promptly pay vendor claims after receiving funds within the 30-day period.

Cause of Condition: Current management was not employed during this exception and was unaware of status of funds and payments.

Effect of Condition: Significant deficiency in internal controls.

Recommendation: We recommend that management ensure that all federal reimbursements and the respective vendor claims are paid as soon as possible.

Response: Management followed up promptly and submitted these vendor payments during audit fieldwork. Current year audit yielded no exceptions and this deficiency has been cleared.

2016-2 Hydro Reserve Underfunded (Compliance Finding)

Condition: The Town was noncompliant with the Hydro Fund Ordinance 588 regarding reserves. The reserve requirement at June 30, 2017, was \$2,310,000. At June 30, 2017, there was only \$1,625,000 in designated reserve accounts leaving the required reserve under funded by \$685,000.

Criteria: The Ordinance specifies that the Town is to have an amount in reserves equal to the maximum amount of electricity costs due during any two-month period.

Cause of Condition: Management failed to properly monitor these accounts .

Effect of Condition: Noncompliance relating to Ordinance 588.

Recommendation: We recommend that management continue to monitor compliance with Hydro Fund Ordinance 588.

Response: Management will closely monitor Hydro Fund Ordinance 588 during next fiscal year. Finding was cleared in the current year’s audit.

TOWN OF VIDALIA, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements: (continued)

2016-3	<u>Accounts Payable Reconciliation (Internal Control Finding)</u>
Condition:	Accounts payable are not being reconciled to the general ledger. During the current year, the general ledger was approximately \$262,399 higher than the related subsidiary ledger.
Criteria:	The accounts payable subsidiary ledger should be reconciled to the general ledger at least annually.
Cause of Condition:	Responsible personnel failed to perform their duties. These personnel are no longer employed by the Town.
Effect of Condition:	Material weakness in internal controls.
Recommendation:	We recommend that management reconcile the subsidiary ledger to the general ledger monthly and make any necessary adjustments to accurately state the accounts payable balance at year end. Also, it is recommended that management retain the records and research to support the correct year end balance, whether it originates from the subsidiary ledger or the general ledger, with explanations of any reconciliation differences.
Response:	Management will work on this for fiscal year 2017. Finding was cleared in the current year's audit.
2016-4	<u>General Fund Expenditures Over Budget (Compliance Finding)</u>
Condition:	The Town of Vidalia's General Fund's expenditures exceeded its budgeted amount by 9.36%. The budgeted amount of expenditures was \$9,700,450 and the actual expenditures were \$10,608,359. Louisiana Revised Statute 39:1311 requires that expenditures not exceed the budget by more than 5%.
Criteria:	LA statute says that governments' expenditures must not surpass the budgeted amounts by 5% or more.
Cause of Condition:	There were unanticipated capital outlays and increases in general operational expenses that the Town was not able to make adjustments in time for.
Effect of Condition:	Material weakness in internal controls.
Recommendation:	We recommend that management review the budget-to-actual regularly during the year and ensure that the 5% threshold is not surpassed.
Response:	Management will work on this for fiscal year 2017. This is a repeat finding. See 2017-1

TOWN OF VIDALIA, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Section I – Internal Control and Compliance Material to the Financial Statements: (continued)

2016-5 Hydro Fund – Missing Project Documentation (Compliance Finding)

Condition: The Town failed to document compliance with, and the approval process related to, the Hydro Fund Ordinance 588.

Criteria: Ordinance 588 specifies that the revenues from the Hydroelectric project be maintained and administered based on specific criteria enumerated in the Ordinance (see note 17).

Cause of Condition: Responsible personnel failed to document compliance with the Ordinance. These personnel are no longer employed by the Town.

Effect of Condition: Failure to document compliance relating to Ordinance 588.

Recommendation: We recommend that management continue to monitor compliance with Hydro Fund Ordinance No. 588.

Response: Management will closely monitor Hydro Fund Ordinance 588 during next year. This is a repeat finding. See 2017-2

Section II – Internal Control and Compliance Material to Federal Awards

Not applicable.

Section III – Management Letter

No management letter issued.



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**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

Town of Vidalia, Louisiana
Vidalia, Louisiana

We have performed the procedures enumerated in the supplement to this report, which were agreed to by Town of Vidalia, Louisiana (the Town), to assist the Town in complying with the requirements of the Louisiana Legislative Auditor's (LLA) Statewide Agreed-Upon Procedures (SAUPS) for the fiscal year ended June 30, 2017. The sufficiency of these procedures is solely the responsibility of those parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

Our procedures and findings are included in the supplement to this report.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on the tested procedures. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the above listed parties and is not intended to be, and should not be, used by anyone other than these specified parties.

Silas Simmons, LLP

Natchez, Mississippi
January 26, 2018

TOWN OF VIDALIA, LOUISIANA

SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS

FOR THE YEAR ENDED JUNE 30, 2017

Written Policies and Procedures

1. Procedures: Obtain the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:
 - a) *Budgeting*, including preparing, adopting, monitoring, and amending the budget.
 - b) *Purchasing*, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.
 - c) *Disbursements*, including processing, reviewing, and approving.
 - d) *Receipts*, including receiving, recording, and preparing deposits.
 - e) *Payroll/Personnel*, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
 - f) *Contracting*, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.
 - g) *Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)*, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers, and (5) monitoring card usage.
 - h) *Travel and expense reimbursement*, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.
 - i) *Ethics*, including (1) the prohibitions as defined in Louisiana Revised 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.
 - j) *Debt Service*, including (1) debt issuance approval, (2) EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Findings: We reviewed the written policies and procedures for the related functions listed above in the procedures. Through our review, we were able to verify that the entity has appropriate written policies and procedures for the related topics with the exception of the Ethics section.

We noted no formal written policy for Ethics.

TOWN OF VIDALIA, LOUISIANA
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Board (or Finance Committee, if applicable)

2. Procedures: Obtain and review the board/committee minutes for the fiscal period, and:
- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the Board's enabling legislation, charter, or other equivalent document.
 - b) Report whether the minutes referred or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).
 - c) Report whether the minutes referenced or included non-budgetary financial information (e.g., approval of contracts and disbursements) for at least one meeting during the fiscal period.

Findings: We obtained a copy of the Town's board minutes for the fiscal period. We reviewed the minutes to determine whether the managing board met on a frequency in accordance with the board's enabling legislation, charter, or equivalent document. We reviewed the minutes to determine whether they referenced or included monthly budget-to-actual comparisons on the General Fund and non-budgetary financial information for at least one meeting during the fiscal period.

During our review, we noted that the budget-to-actual comparisons were not consistently performed every month.

Bank Reconciliations

3. Procedures: Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

Findings: We reviewed a listing of the client's bank accounts and compared them to management's representation to verify that management's listing is complete.

No exceptions were noted during the above procedures.

4. Procedures: Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than five accounts). For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:
- a. Bank reconciliations have been prepared.

TOWN OF VIDALIA, LOUISIANA
SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
FOR THE YEAR ENDED JUNE 30, 2017

Bank Reconciliations (continued)

- b. Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and
- c. If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

Findings: We randomly selected six related bank statements and reconciliations in the fiscal period. We reviewed the bank reconciliations to report whether they were prepared, included evidence that management or a board member had reviewed each statement, and included documentation that management has researched reconciling items that have been outstanding for more than six months as of the end of the fiscal period.

There was no evidence of review by management on any months selected.

Collections

- 5. Procedures: Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.
- 6. Procedures: Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than five locations). For each cash collection location selected:
 - a. Obtain existing written documentation (e.g., insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.
 - b. Obtain existing written documentation (e.g., sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.
 - c. Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period; and
 - d. Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.
 - e. Using sequentially numbered receipts, systems reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

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SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS

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Collections (continued)

7. Procedures: Obtain existing written documentation (e.g., policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and agency fund additions (e.g., periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation) by a person who is not responsible for collections.

No exceptions were noted during the above procedures.

Disbursements - General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Procedures: Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

Findings: We reviewed a management provided electronic copy of general ledger and obtained management's representation that the listing was complete.

No exceptions were noted during the above procedures.

9. Procedures: Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-Card purchases or payments. Obtain supporting documentation (e.g., purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.
- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.
- c) Payments for purchases were not processed without an approved requisition and/or purchase order, electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

Findings: We obtained and reviewed documentation to determine that the board approves all disbursements.

There was one instance of an unsigned purchase order and one instance of an incurred expenditure with no supporting invoice.

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Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments) (continued)

10. Procedures: Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Findings: We reviewed entity documentation to determine whether the party responsible for processing payment is prohibited from adding vendors to the entity's purchasing/disbursement system.

There was no written policy noted that prohibits the individual responsible for processing payment from adding new vendors.

11. Procedures: Using entity documentation (e.g., electronic system control documentation, policy manual, written procedure, etc.), report whether the persons with signatory authority, or who make the final authorization for disbursements, have no responsibility for initiating or recording purchases.

No exceptions were noted during the above procedures.

12. Procedures: Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

No exceptions were noted during the above procedures.

13. Procedures: If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

No exceptions were noted during the above procedures.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

14. Procedures: Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

Findings: We inquired of management and received a listing of all active credit cards, bank debit cards, fuel cards, and P-Cards, including the card numbers and the names of the persons who maintained possession of the cards. We also received representation from management that the listing was complete.

No exceptions were noted in the above procedures.

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Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

15. Procedures: Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases), and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder.
- b) Report whether finance charges and/or late fees were assessed on the selected statements.

Findings: We obtained the combined monthly statement for the ten cards used by the entity and selected the month with the largest dollar activity. We reviewed the statement to determine whether there was evidence that it was reviewed and approved, in writing by someone other than the authorized card holder. We also reviewed the statement to determine whether finance charges and/or late fees were assessed on the statement.

There was no written evidence of review and approval by someone other than the authorized card holder. There were no finance charges assessed on the statement.

16. Procedures: Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e., each of the 10 cards should have one month of transactions subject to testing).
- a) For each transaction, report whether the transaction is supported by:
 - i. An original itemized receipt (i.e., identifies precisely what was purchased).
 - ii. Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
 - iii. Other documentation that may be required by written policy (e.g., purchase order, written authorization).
 - b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e., transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

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SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS

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Credit Cards/Debit Cards/Fuel Cards/P-Cards (continued)

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted in the above procedures.

Travel and Expense Reimbursement

17. Procedures: Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.
18. Procedures: Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

Findings: We obtained the entity's written policies related to travel and expense reimbursements and compared the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration.

19. Procedures: Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:
- a. Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.
- b. Report whether each expense is supported by:
- i. An original itemized receipt that identifies precisely what was purchased.
- ii. Documentation of the business/public purpose.
- iii. Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance).

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Travel and Expense Reimbursement (continued)

- c. Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g., hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.
- d. Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted during the above procedures for travel and expense reimbursements.

Contracts

20. Procedures: Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

Findings: We obtained a listing of all contracts in effect during the fiscal period and management's representation that the listing was complete.

Management was unsure whether or not the provided list was accurate and/or complete.

21. Procedures: Using the listing above, select the five contract "vendors" that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:
- a. Report whether there is a formal/written contract that supports the services arrangement and the amount paid.
 - b. Compare each contract's detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code, and:
 - i. If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder).
 - ii. If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.
 - c. Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

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SUPPLEMENTAL SCHEDULE OF AGREED-UPON PROCEDURES AND FINDINGS
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Payroll and Personnel (continued)

- c. Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

There is no evidence of supervisory review on the time cards or timesheets.

24. Procedures: Obtain from management a list of those employees/officials that were terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

Findings: We inquired with management as to whether any employees/officials were terminated during the fiscal period.

Per management, there were two employees/official terminations during the current fiscal year and no exceptions were noted, for these two individuals, regarding payments in accordance with policy or contract.

25. Procedures: Obtain supporting documentation (e.g., cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

No exceptions were noted during the above procedures.

Ethics

26. Procedures: Using the five randomly selected employees/officials from procedure #22 under "Payroll and Personnel" above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Findings: We obtained ethics training/compliance documentation on the five employees selected in procedure #22 from management demonstrate that the required ethics training was completed.

One of five employees' files selected did not have ethics certificate or documentation.

27. Procedures: Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management's actions complied with the entity's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

No exceptions were noted during the above procedures.

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Debt Service

28. Procedures: If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.
29. Procedures: If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.
30. Procedures: If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

No exceptions were noted during the above procedures on any of the outstanding or newly issued debt or tax millages.

Other

31. Procedures: Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.
32. Procedures: Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523:1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.
33. Procedures: If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

No exceptions were noted during the above Other procedures.

Management's Response to All Exceptions:

Management agrees with the findings and will work diligently during the next fiscal year to resolve the exceptions.